

# The Incorporated Accountants' Journal.

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and Auditors



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## Professional Notes.

The results of the examinations of the Society of Incorporated Accountants and Auditors held in May in Great Britain and Ireland have been declared by the Examination and Membership Committee of the Council and are published in this issue. Three hundred and sixty-five candi-

dates presented themselves for the Final examination, of whom 53 per cent. passed and 47 per cent. failed. The first Certificate of Merit and First Prize have been awarded to Mr. Jack Ashworth Smith, Clerk to Messrs. Parkinson, Mather & Co., Manchester; the Second Certificate of Merit and Second Prize to Mr. Thomas Reginald Johnson, City Treasurer's Department, Birmingham; the Third Certificate of Merit and Third Prize to Mr. Eric Satterthwaite, Clerk to Mr. John H. Hort, Bootle. The Fourth, Fifth, Sixth, Seventh and Eighth Certificates of Merit respectively are awarded to Mr. Edwin Henry Harris, Glasgow; Mr. John Charles Russell, London; Mr. George Barnes Pearson, London; Mr. Malcolm Frederick Cross, Rochdale; Mr. Charles Edward Branscombe Somerville, B.Com., London.

In the Intermediate examination the number of candidates was 495, of whom 55 per cent. passed and 45 per cent. failed. Eight candidates were placed in Honours. The First Place Certificate and the First Prize were awarded to Mr. Edwin John Wade, Clerk to Mr. D. H. Husband, Cardiff. The Second Place Certificate was taken by Mr. John Tipping, Borough Treasurer's Department, Wallasey. The Third, Fourth, Fifth, Sixth, Seventh and Eighth Place Certificates were awarded respectively to Mr. William Clarence Gould, London; Mr. Harold Stanaway, Middlesbrough; Mr. Frank John Riches, Norwich; Mr. Sidney Jones, Leeds; Mr. Stephen John Kent, Rotherham; Mr. Robert Ralph Miller, Banbury, Oxon.

The number of candidates in the Preliminary examination was 226; two were placed in Honours, 61 per cent. passed and 39 per cent. failed. The First Place Certificate was awarded to Mr. Roland Locke, Manchester, who was disqualified for a prize by the age limit. The Second Place Certificate and Prize were awarded to Mr. Donald Rorison.

At the annual general meeting of the South African (Western) Branch, held in Cape Town, the Chairman (Sir Harry Hands, K.B.E.) paid a cordial tribute to the work of the Hon. Secretary (Mr. C. D. Gibson). He said that the zeal and unremitting care shown by the Hon. Secretary for the Society's interests were an inherited tradition. The older members of the Society will remember the enthusiasm displayed by his father, the late Mr. Harry Gibson, for the organisation of Incorporated Accountants in South Africa. Mr. Harry Gibson's work some 80 to 40

years ago was by no means confined to the Cape Province, but as Hon. Secretary of the South African Committee his labours extended throughout all the States which now comprise the Union of South Africa. At the meeting above referred to a hearty vote of thanks was passed to Mr. Philip Salisbury on his retirement from the Committee of the Branch. Mr. Salisbury's membership of the Society dates back to the year 1891.

At the Guildhall, London, on June 22nd the Lord Mayor (Sir W. Phéne Neal) committed Lord Kysant and Mr. Harold John Morland, Chartered Accountant, for trial on charges relating to the conduct of the affairs of the Royal Mail Steam Packet Company. Lord Kysant was charged on two summonses with, in May, 1927, and May, 1928, making, circulating, or publishing, or concurring in so doing, annual reports of the directors of the company for the years 1926 and 1927 which he knew to be false in a material particular with intent to deceive the shareholders of the company. Mr. Morland, the auditor of the company, was summoned for having, as alleged, aided and abetted Lord Kysant in the commission of the offences charged.

It was alleged on behalf of the Crown that it was held out there had been a trading profit in years when there was actually a loss, and that large sums were transferred from secret reserves to make it appear that there had been a trading profit. Lord Kysant was further charged with having on June 29th, 1928, made, circulated, or published, or concurred in making, circulating or publishing a prospectus which he knew to be false in a material particular with intent to induce persons to entrust or advance property to the company. The prospectus referred to was dated June 29th, 1928, and was in relation to an issue of £2,000,000 Five per cent. Debenture Stock.

The Lord Mayor, at the conclusion of the evidence for the Crown, said that it appeared to him there was a *prima facie* case against both defendants on the charges made against them respectively. In reply to the usual caution, Lord Kysant said, "I desire to state, in answer to the charges, that everything I have done has been done in the honest belief that it was for the welfare of the Royal Mail Steam Packet Company and its associated shipping companies of which I am Chairman. And, therefore, I say that I am not guilty of any of these charges. I have never published any false statement; nor have I ever attempted to deceive anyone. Acting on the

advice of my Counsel, I do not propose to give any evidence in this Court; nor to call any witnesses at this stage."

Mr. Morland said, in reply to the charge against him, "As I understand the character of the charge against me, I am accused, as auditor of the Royal Mail Steam Packet Company, of signing untrue accounts for the years 1926 and 1927. I am still of opinion that those accounts were, as my report stated, true and correct in every particular, and that, therefore, I was carrying out my duty as auditor in signing them. That being so, I entirely repudiate the charge which has been brought against me, and on the advice of my Counsel I reserve my defence."

The Sixth Biennial Congress of the International Chamber of Commerce took place in Washington, D.C., U.S.A., between 4th-9th May. Delegates were present from 37 countries, and 25 International Organisations were also represented. The strongest overseas delegations came from Great Britain, France, Germany, Italy, Japan and Sweden, but many other countries whose representation was numerically smaller sent active delegations. The British Delegation, under the Chairmanship of Sir Arthur Balfour, Bart., K.B.E., numbered 51 and included Mr. Thomas Keens, F.S.A.A., ex-President of the Society of Incorporated Accountants and Auditors.

The Council of the Institute of Chartered Accountants have elected Mr. H. Lancelot H. Hill (Hill, Vellacott & Co.), as President, and Mr. Clare Smith (Hudson Smith, Briggs & Co., and Kemp, Chatteris, Nichols, Sendell & Co.), as Vice-President of the Institute for the ensuing year.

In December last we referred to the reception by the Lord Chancellor (who was accompanied by a number of Judges, the Chairman of the Bar Council and the President of the Law Society) of a Deputation comprising a Special Committee of the London Chamber of Commerce, which had prepared and presented to the Lord Chancellor a Report on the Expenses of Litigation. This report has now been under the consideration of the Bar Council and the Law Society and we publish their observations in this issue. The matters dealt with are of outstanding importance not only to litigants but to all those who have professional and business engagements in the Courts of Justice from time to time. We think that all interested persons will congratulate the



London Chamber of Commerce upon what appears to be a favourable reception of a Report which has involved a great deal of painstaking labour on the part of its authors.

An important article appeared in the *Law Times* of June 6th on the subject of "How far must an Accountant know the Law?" After reviewing the principles to be derived from decisions in relation to cases applicable to other professions, the writer of the article proceeds to deal with the case of *Dimmock & Cowton v. Bayley, Wood, Cave & Co.*, which was fully reported in our June issue. He then concludes by giving a summary of the suggested principles of an accountant's duty to know the law, of which the following are the principal points:—

He need not know the refinements of the law, but he must know the substantial contents of a widely used or fundamental Statute, such as the Income Tax Act, 1918. He must also know or discover any important legal decision on a financial point about which he is consulted.

If a client asks him generally how tax can be saved, he ought, after consideration, to be able to advise generally both on the law and the practice. Provided that if the matter be intricate or doubtful it should be referred to the client's legal advisers.

How far it is an accountant's duty to volunteer advice to his client on methods of saving tax must depend upon all the circumstances, including (a) the preliminary contract between them, (b) whether the client is taking any additional advice concerning his accounts, (c) whether the advice which should be given involves important legal changes or merely financial adjustments.

All the above duties can be varied, modified, diminished, or increased either by the preliminary contract between accountant and client, or the subsequent course of dealing between them.

The interpretation of the word "employment" was the deciding factor in the case of *Davies (Inspector of Taxes) v. Miss Lilian Braithwaite*. In the course of the exercise of her profession as an actress during the period under review, Miss Braithwaite entered into contracts from time to time with various theatrical producers, and the point at issue was whether the amounts earned under such contracts were assessable under Schedule D or Schedule E. It will be remembered that by sect. 18 of the Finance Act, 1922, the assessment of profits or gains from an "office,

employment or pension" was transferred from Schedule D to Schedule E. To enable the assessment to be made under Schedule E it was necessary to show that the earnings arose as the result of an "employment."

Mr. Justice Rowlatt pointed out that the relationship of master and servant was not a conclusive test as to what constituted an "employment." Nor was the duration of the engagement nor the amount of skill involved, and he considered that the term suggested rather the acquisition and holding of a post. In this case there was no idea of obtaining a post, but rather of entering into successive contracts in the course of a career, and he accordingly held that the earnings were assessable under Case 2 of Schedule D. A further point as to the assessment of similar earnings arising as the result of acting in America was remitted to the Commissioners in view of the fact that no remittances had been made to this country, and that therefore there was no liability under Case 5 of Schedule D.

In another income tax case, *Westminster Bank Limited v. Osler*, Mr. Justice Rowlatt dealt with the liability of banks to income tax in respect of the profit which the Inland Revenue maintained arose from the conversion of National War Bonds into Conversion Loan, War Loan, &c. Banks are, of course, liable to assessment on profits arising from the realisation of investments, and similarly, any losses on realisation are allowed as a charge; but in this case assessments were raised in respect of the excess of the value of the stocks received as the result of the conversion operations over the original cost of the National War Bonds. No profit was taken by the bank in its accounts, the new stocks standing in the books at the cost of the bonds. It was pointed out that while banks were in the habit of making provision for depreciation of investments, no deduction was allowed in respect thereof for income tax purposes, and that, as no profits had been realised, there should be no liability.

His Lordship, however, took the view expressed by the Special Commissioners, that the conversion was equivalent to a change of investment, following the decision in the case of the *Royal Insurance Company v. Stephen* (referred to in our issue of August, 1928) where it was decided that losses incurred by reason of the compulsory exchange of railway stocks under the Railways Act, 1921, were allowable deductions against the profits of an insurance company. The case of the *National Bank, Limited, v. Baker*, in which a similar point

arose, was also decided in favour of the Inland Revenue.

A rather curious point was decided last month by the Divisional Court in the case of *In re Woods (Bristol) Limited*. Certain creditors obtained judgment against the company and levied execution, but before the execution was complete an order was made for the winding up of the company. Under sect. 269 of the Companies Act, 1929, "the costs of the execution" are a first charge upon the goods taken in execution, and the question arose whether the expression included the costs incurred by the creditors in connection with the issue of the writ as well as the Sheriff's costs. It was decided that, having regard to the terms of sub-sect. (2) of sect. 269, only the Sheriff's costs could be retained against the liquidator. The effect of sect. 269 is, where the execution is incomplete, to place execution creditors in no better position than other creditors in a winding up, and is new to company law, although it has a counterpart in sect. 41 of the Bankruptcy Act, 1914.

A claim by the *Institution of Civil Engineers* for exemption from income tax on the ground that it is a "charity" has recently been allowed by the Court of Appeal, thereby reversing the decisions of the Special Commissioners and the King's Bench Division, both of whom had upheld the assessments which had been raised. In the case of the *Commissioners of Inland Revenue v. Forrest*, it was held by the House of Lords that the property of the same institution was exempt from duty under sect. 11 of the Customs and Inland Revenue Act of 1885, which exempted property "appropriated and applied for any charitable purpose, or for the promotion of education, literature, science, or the fine arts," and the Court of Appeal have now followed that decision as they considered that the arguments upon which it was based applied also to the present case.

Mr. Justice Rowlatt had before him last month in relation to the affairs of *Anderton & Halstead* a question as to the reconsideration of a bad debt which had been allowed as a debit for Income Tax purposes in a previous year. A new Inspector of Taxes had been appointed for the district, and an additional assessment was made by him to cover the whole amount which had been written off. The ground for this was that in the interval since the writing off took place the debt had been allowed to be increased. The appeal of the taxpayers against the additional

assessment was disallowed by the Commissioners, but in his Lordship's view, they had not considered the right question, and he held that there was no evidence to support their conclusion. What was required by the Statute, he said, was an estimate as to what extent the debt was a bad one for the purposes of profit and loss. That was not a prophecy to be judged as to its truth by future evidence; it was a valuation of an asset upon an uncertain future to be judged as to its soundness on the facts and probabilities. The only way in which it could be put would be that the subsequent growth of indebtedness indicated that there must have been some fact in 1923-24 which was not taken into account in the earlier estimate, and which would have changed it. That was merely guesswork, and did not justify the intervention. The appeal was accordingly allowed, with costs.

A solicitor who had guaranteed an overdraft on a banking account of a company for the purpose of financing a certain line of business received a bonus of £500 by way of compensation, and was assessed to income tax on the amount. He appealed against the assessment on the ground that he had done nothing in connection with the transaction other than giving the guarantee, and he contended that the £500 was not an annual profit of any profession or trade, as he carried on no business other than that of a solicitor. The case came before Mr. Justice Rowlatt, who dismissed the appeal, and held that the assessment was properly made.

At the instance of the President of the Board of Trade a resolution has been passed to prolong the currency of the first issue of Savings Certificates made between 1916 and 1922, and due to expire in 1932. The extension will carry the certificates to the year 1940, and the amount of principal and interest involved will be approximately £150,000,000.

We have received from Messrs. Spicer and Pegler a list of subscriptions to the Ranking Memorial Fund, which was instituted on behalf of Mrs. Ranking, the widow of the late Dr. D. F. de l'Hoste Ranking. The contributions which have been received amount to £1,057 5s., and the list includes the names of many Incorporated Accountants to whom the late Dr. Ranking was well known in the capacity of a coach in legal subjects. His genial disposition, coupled with his clear and often witty exposition of difficult legal points, is still fresh in the minds of many of his old pupils.



## PROOF IN BANKRUPTCY BY PARTNER.

THE governing principle as to a partner proving in the bankruptcy of a continuing or surviving partner was enunciated by Lord Eldon in *ex parte Sillitoe* (1823) as follows: A partner in a firm against which a commission of bankruptcy issues shall not prove in competition with the creditors of the firm who are in fact his own creditors, and shall not take part of the fund to the prejudice of those who are not only creditors of the partnership but of himself. This was followed in *Nanson v. Gordon* (1876) where it was held that it was the settled rule in bankruptcy that a partner cannot prove, under a joint commission against his firm, in competition with the creditors of the firm. And this rule applied in a case where the partner had died before the bankruptcy, his share having been taken by the other partners under the provisions of the partnership deed, and the money due in respect of it not having been paid to his executors at the time of the bankruptcy. In this case Lord Cairns said that if there had been no authority upon that point he should have said that it would be in the highest degree unreasonable and irrational to hold that if a trader had retired from a partnership, and that partnership became bankrupt, he, the trader, could not prove in competition with creditors so long as he lived, but that the moment he died his executors could do what he himself could not have done, and come in and prove in competition with the creditors; that was to say that the firm in which he was a partner having become bankrupt he would be unable, say, for one month after the bankruptcy, to prove in competition with the creditors, but if he should die on the last day of the month, that then his executors, as soon as they had proved his will, might at once come in and do the very thing that he could not have done. Could anything more whimsical, more capricious, or more irrational be supposed?

In *ex parte Andrews* (1884) it was held that the rule that neither a partner, a retired partner, nor the representatives of a deceased partner, can prove in the bankruptcy of the continuing or surviving partner or partners in competition with the joint creditors of the firm of which the partner, or retired or deceased partner, was a member, has no application unless there has been actually proved in the bankruptcy some debt in respect of which the bankrupt or bankrupts and the retired or deceased partner were jointly liable. The mere possibility that such

debts may be proved in the bankruptcy is not sufficient to introduce the application of the rule.

In *re Hepburn* (1884), A, B, and C carried on business in partnership. In 1875, A retired from the firm, his share being purchased by B and C, the continuing partners. On his retirement A, at the request of the continuing partners, paid certain mortgage debts of the business, and took transfers to himself of these mortgage debts with the relative securities. He also at their request lent them money on mortgage of other portions of the partnership property. He died in 1876. B and C continued the business until 1883, when they became bankrupt. At this time there were cash creditors of the old firm still unpaid, who carried in proofs against the joint estate of B and C. The executors of A also carried in a proof against the separate estates of B and C for (a) the balance of the purchase money of A's share; (b) the mortgage debts paid off by A on transfer to himself; and (c) the moneys lent by A on mortgage after his retirement. This proof was rejected by the trustee on the ground that to admit it would infringe against the rule forbidding a partner to prove in competition with his own creditors. It was held that as the debts proved by the cash creditors were, as against A's estate, statute barred, the rule did not apply, and that the proof must be admitted.

The rule that in the bankruptcy of a firm the executors of a deceased partner may not prove in competition with the creditors of his surviving partners may be inapplicable when the share of the deceased partner has been ascertained before the adjudication in bankruptcy, and no joint liability can be shown to exist. On the death of a partner of a London firm a sum was found due to his estate from the surviving partners in respect of his share in the business, and certain claims and accounts between the deceased partner and another firm in Dundee (of which during his life he was also a partner, and which firm was after the death of the deceased partner a creditor of the London firm) were also compromised and settled by his executors before the bankruptcy of the London firm. It was held that the proof of a debt put in by the deceased partner's executors in the bankruptcy of the London firm ought to be admitted (*re Douglas* (1929)).

The rule that a person jointly liable with the bankrupt may not prove so as to compete with outside creditors does not apply (a) where the outside creditor is liable to the bankrupt on a separate account, so that on taking the two accounts together he is not in fact a creditor; (b) where the liability of the bankrupt has been

extinguished by an agreement with the outside creditor; or (c) where novation has been effected whereby the outside creditor has accepted the liability of the bankrupt.

A retired partner may prove against a firm in competition with the joint creditors when no debt has been proved upon which he and the firm are jointly liable, or if he can rely on the Statute of Limitations as barring any action in respect of debts of this description that do exist.

### OBSOLESCENCE—FIXTURES AND FITTINGS.

THE cost of replacing fixtures and fittings is a frequent source of trouble with the Inland Revenue. The following is a typical instance. The assets of a retail firm included shelving, counters, showcases and various other fixtures and fittings which were valued originally at about £1,000, but were written down by depreciation at rates corresponding to the Wear and Tear allowances agreed with the Inspector of Taxes, viz, 5 per cent. per annum, until the book value was approximately £850. At this stage the premises in which the business was carried on were demolished and replaced by a modern store, and the greater part of the fixtures and fittings were scrapped and replaced by more suitable ones at a cost considerably in excess of the cost of those for which they were substituted. In these circumstances the whole of the written down value was debited to the Profit and Loss Account as Obsolescence and claimed as an expense for Income Tax purposes. The charge is challenged by the Inland Revenue Authorities, and as the case is somewhat off the beaten track it may be of interest to examine the question in some detail.

The relevant statute law appears to be contained in Rules 3 (d), 6 and 7 of Cases I and II of Schedule D of the Income Tax Act, 1918, which are as follows:—

Rule 3 (d) provides that nothing shall be deducted from profits in respect of the repair of premises or for the supply, repair or alteration of any *implements, utensils or articles* employed for the purposes of the trade, profession or vocation beyond the sum usually expended for these purposes according to an average of three years preceding the year of assessment.

Rule 6.—In charging the profits or gains of a trade under this Schedule such deduction may be allowed as the Commissioners having jurisdiction in the matter may consider just and reasonable

as representing the diminished value by reason of Wear and Tear during the year of any *machinery or plant* used for the purposes of the trade and belonging to the persons by whom it is carried on.

Rule 7.—In estimating the profits or gains of any trade, manufacture, adventure, or concern in the nature of a trade chargeable under this Schedule there shall be allowed to be deducted as an expense incurred in any year so much of any amount expended in that year in replacing any *plant or machinery* which has become obsolete as is equivalent to the cost of the plant or machinery replaced after deducting from that cost the total amount of any allowances which have at any time been made in estimating profits or gains as aforesaid on account of the wear and tear of that plant or machinery and any sum realised by the sale of that machinery or plant.

Rules 6 and 7 were extended by sect. 16 of the Finance Act, 1925, to professions, employments, vocations or offices.

The essential point involved in these clauses is the distinction between “implements, utensils and articles” for which neither wear and tear allowance nor obsolescence appears to be provided, but for which the cost of supply, replacement, and repair may be charged on a three years’ average basis; and “machinery and plant” in respect of which wear and tear allowance may be deducted at the discretion of the appropriate Commissioners, and loss incurred by reason of its becoming obsolete may be charged as an expense. It will be necessary to refer to this distinction again, but before doing so there are several important cases which need to be examined, although two of them do not deal directly with the question of obsolescence. The first is that of *Eastmans, Limited, v. Shaw*, decided in 1929. The appellants had adopted the policy of opening shops where trade appeared likely to be good and closing others where business was not sufficiently profitable. This policy resulted in frequent changes and the fixtures and fittings in the premises vacated were left and sold, new ones being provided in the newly-opened shops. The company claimed as a charge against profits the cost of the new fittings less the price obtained by sale of the old. The case was carried to the High Court, the Court of Appeal and the House of Lords, and judgment was given for the Crown at each stage. The decisions appear to have been given on the principle that each new shop was a new business and the cost of new fittings was part of the capital expenditure incurred in establishing it. It should be emphasised that the claim did not relate to the loss of the value of the discarded fittings.



The second case, *Hyam v. Commissioners of Inland Revenue*, was also heard in 1929 in the Court of Session, Edinburgh, and also related to a claim to charge the cost of new fittings less the amount realised by sale of the old, but the circumstances were different. There was no policy of constant change of location, but the premises in which a business had been carried on for many years were pulled down and rebuilt and provided with new shelving, counters, showcases, &c., more suitable for modern conditions of trade. Alternative contentions were put forward:—

- (a) That the fixtures and fittings were "implements, utensils and articles" within the meaning of Rule 3 (d); or
- (b) That they were "machinery and plant" in respect of which obsolescence was allowable.

Contention (a) was agreed by the Inspector of Taxes and contention (b) was not argued before the Court. The Court consisted of Lord Clyde (President), Lord Sands, Lord Blackburn and Lord Morison, and they decided unanimously in favour of the Crown. Lord Blackburn expressly reserved his opinion as to whether it was necessary for the respondents to admit that the shop fittings were of the nature of *implements, utensils or articles* employed for the purposes of the trade carried on in the shop. The classification also caused the President some difficulty, for he thought the expression "implements, utensils or articles" conveyed the idea of tools and such things. He nevertheless accepted the agreed definition and ruled that shop fittings were not of the kind which are subject to "usual expenditure" contemplated by Rule 3 (d), but that their cost was "extraordinary expenditure" which could not be subjected to average.

It is worth while noting the other contentions of the appellants, viz, that the removal was compulsory and that the new fittings were simply replacements of the old. The view of the Commissioners was, however, that the new fittings were not replacements but the substitution of equivalent fittings, that no deduction ought to be allowed, and that the loss of the old fittings was a loss of capital and the cost of the new fittings an expenditure of capital.

Both these cases appear to have been decided under Rule (3) (d) and not under Rule 7. If a claim had been made under Rule 7 the argument that the loss was a loss of capital would seem to be irrelevant, for obsolescence is essentially loss of capital and is expressly provided for under Rule 7 in terms more definitely in favour of the taxpayer than those used in Rule 6. The

essentials of Rule 7 are that the plant or machinery must be "obsolete," must be scrapped or sold and must be replaced. Reference should, however, be made to the case of the *South Metropolitan Gas Company v. Dadd*, which related to the loss on a steamer which was replaced by a more suitable vessel. The Commissioners found that she was not obsolete and the Court refused to disturb their finding.

In the case of shop fittings scrapped and replaced there are, therefore, two fundamental questions to consider:

- (1) Are they within the category of "machinery and plant"?
- (2) Are they obsolete within the meaning of the Act?

Plant is a somewhat indefinite trade term, but it is not in common use limited to factory shafting and engineering equipment of workshops; it is certainly used to include the longer lived implements of trade such as a builder's trucks, barrows, ladders, trestles, &c. The fact that "Wear and Tear" allowances are commonly given suggests that these are admitted by the Inland Revenue Authorities to be within the category of plant, and the same argument is applicable to shop fixtures and fittings. And if they are within Rule 6 they are also covered by Rule 7.

With regard to the second question, modern conditions do not permit a successful business to be carried on in small old fashioned and poorly equipped premises. It is essential that convenient and attractive fixtures and fittings be supplied, and so soon as this is recognised the old fittings have become obsolete. It cannot be said that they are no longer usable, but they are no longer suitable—they would be, in fact, incongruous—in the newly erected premises demanded by modern business in the middle of an important town. They are in fact as inefficient as the motor lorry which has been running for five years and has been replaced.

If the views herein expressed are correct, it would seem that while the cases quoted are conclusive against charging the cost of new fittings, the loss involved in the scrapping of the old is expressly provided for in Rule 7.

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At the annual meeting of the North Staffordshire Chamber of Commerce, Mr. J. Paterson Brodie, of Burslem, Hon. Secretary of the North Staffs. District Society, was elected a Vice-President of the Chamber.

At the annual general meeting held on June 18th, Mr. A. G. H. Dent was again elected Chairman of the Business Research and Management Association of Great Britain for 1931-32.

## Municipal Treasurers' Conference.

THE explanation (if such were really necessary) for the Municipal Treasurers and Accountants holding their 46th annual assembly in such an attractive and vigorous watering-place as Brighton is that they were invited so to do by the Mayor and Corporation of that town. And it was a fitting place for the Conference if only for the ample accommodation of a meeting room in the Royal Dome and also the sufficiency of the hotels in which to house the delegates, the number of whom approached 500. Further, the Mayor and Mayoress and the chief officials unitedly joined in doing everything that could be conceived to make the visit happy and successful. In this they fully succeeded and deservedly received overwhelming thanks for their efforts. Many of the delegates made the acquaintance of Doctor Brighton for the first time, but expressions of a desire to make a further visit were abundant. It is not the first occasion on which the Institute has met there.

The delegates, guests, and friends attended a reception by the President of the Institute (Mr. J. E. Bray, City Treasurer, Manchester) and his wife on the evening preceding the formal opening of the business session on Wednesday morning, June 17th. It was indeed a happy gathering and afforded a splendid opportunity for the exchange of friendly greetings amongst those who in most cases have the chance of meeting each other face to face once a year only.

Prior to the Conference coming to grips with its real work, a civic and hearty welcome was accorded in felicitous terms by the Mayor of Brighton (Alderman Sidney C. Thompson, J.P.). He stressed the call to economy both in national and local government expenditure, and asked the Institute to do what it could to influence and inspire economy in municipal finance. The President of the Institute acknowledged warmly the Mayor's words of welcome and reminded the meeting that the Institute had previously met in Brighton in 1896. He pointed out that the Mayor in office in that year had called attention to the growth of the rate levied for education. He wondered what the then Mayor would have thought to-day of the expenditure under that heading!

An interesting and always looked for report on the election of the officers and Council revealed that Mr. G. R. Butterworth, F.S.A.A., Borough Accountant, Hastings, had been unanimously appointed as President for the ensuing year, and Mr. D. M. Muir, Borough Chamberlain, Dunfermline, was similarly unanimously selected as Vice-President. Mr. H. J. Hoare, F.S.A.A., Borough Treasurer and Chamberlain, Plymouth, received a unanimous vote for the office of Honorary Treasurer. There were seventeen nominations for the Executive Council, but only ten were needed, and the following nominees receiving the highest number of votes were elected:—Mr. W. Allison Davies, O.B.E., F.S.A.A. (Preston), Mr. Sam Lord, F.S.A.A. (Borough Treasurer, Acton), Mr. J. R. Johnson, F.S.A.A. (City Treasurer,

Birmingham), Mr. E. Lund, M.B.E., F.S.A.A. (City Treasurer, Carlisle), Mr. F. W. Rattenbury, F.S.A.A. (County Accountant, Middlesex County Council), Mr. J. Alcock, F.S.A.A. (City Treasurer and Controller, Cardiff), Mr. R. A. Wetherall, F.S.A.A. (Borough Treasurer, Swansea), Mr. Sydney Larkin, F.S.A.A. (City Treasurer, Coventry), Mr. A. E. Dean, F.S.A.A. (Borough Treasurer, Swindon), and Mr. F. H. Steadman, F.S.A.A. (Chief Financial Officer, Surrey County Council). The Honorary Auditors, Mr. Arthur Griffiths, F.S.A.A. (Borough Treasurer, Camberwell), and Mr. W. W. Waite, F.S.A.A. (Borough Treasurer, Barrow-in-Furness), were re-elected as Honorary Auditors by a unanimous vote.

The activities of the Institute were revealed by the report of the Executive Council. They have been many and varied, as may be judged by the fact that 50 Council and Committee meetings were held during the year.

A summary extract of the work done shows:—

During the year 1,075 students were examined. As to the disappointing results of the tests, the observations of the Council are interesting and instructive.

An interesting point considered during the year had been a suggestion that the staffs of finance departments might be divided into routine workers and those who were potential candidates for higher and more technical branches of financial work. For the latter the idea of granting articles of service was submitted, but the Council did not favour such a differentiation; on the contrary they considered that every entrant to a finance department should have the opportunity of rising by meritorious work to high position in the service, and this view found favour with the annual meeting.

A net addition of 79 to the roll of the Institute was reported, the total of all sections being 1,587. The several sectional branches and the students' societies have been very vigorous, continuing to perform valuable functions, and doing much to maintain the corporate spirit of the Institute.

The Council placed upon record their sense of loss of two of their colleagues (Mr. W. Bateson, J.P., F.S.A.A., of Blackpool, by retirement from the service, and Mr. F. Ogden Whiteley, F.S.A.A., by death after a long illness). In their respective spheres both had rendered valuable and unstinting service to the Institute and its branches, and the Council felt that their places would not be easy to fill.

The reconstruction of the Institute has made further progress during the year. Suggestions had previously been under consideration that instead of being an association of financial officers the Institute should be an association of local authorities. The Council had arrived at the conclusion that whatever might happen regarding this matter in the future, it would not, in the present circumstances, be in the best interests of the Institute to pursue an alteration on these lines. The Council is, however, actively engaged in revising the Institute's Memorandum and



Articles of Association and its Bye-Laws with the object of bringing the constitution up to date to meet the changed circumstances arising out of the experiences of recent years. Some time during the ensuing year it may be necessary to hold a special meeting of the general body of members to consider a draft scheme which will be put forward to give effect to the recommendations of the Council.

A variety of points of a highly technical character arising out of the initiation of the Local Government Act, 1929, have had to be dealt with, and the Institute has been in consultation with the Ministry of Health thereon. Some of the matters have not yet been brought to fruition, and on these points the views of the Council will be enunciated later on. Problems on rating and valuation continue to arise, and will occupy attention for some time to come.

One of the most important Committees of the Council deals with questions of the assessment of local authorities to Income Tax. This Committee also considers practical points submitted by members. Many matters of local interest and application do not appear on the records, but a host of others find their proper place in the columns of the Institute's monthly financial journal. Some of them are of specific application to local governing bodies, as, for instance, tax on interest on loans raised for housing bonds, and allowances for wear and tear on certain municipal undertakings.

A multiplicity of other matters were considered touching questions of accountancy, consent orders for stock issues, cost accounts, electricity supply, superannuation, and municipal banks. Financially, the Institute is sound. A surplus of £636 appears as the balance on the revenue account for the year, bringing the accumulated surplus to £7,211. The Institute has thus an adequate amount of money for future developments and contingencies. A very fitting resolution of congratulation to Mr. Sam Lord, F.S.A.A., the Borough Treasurer of Acton, on his appointment to the office of President of the National Association of Local Government Officers for the ensuing year was warmly adopted by the meeting. It was felt to be a fitting recognition of loyal and devoted service to that Association by Mr. Lord over a long period of years.

A feature of the proceedings is invariably the President's address, and this year the duty fell upon Mr. John E. Bray, the City Treasurer of Manchester, who in the capacity of President has filled the office with distinction and universal satisfaction. The traditions have been well maintained. Mr. Bray did not dilate upon the Institute's activities, but took the line of submitting a carefully prepared and informative treatise on the subject of "The Cost of Disease." Has the expenditure on health services been justified by the results obtained? This is one of many questions propounded by Mr. Bray in summarising at its conclusion this well-prepared and timely address.

Four papers or addresses were submitted for the information and consideration of the delegates.

Perhaps the most interesting, at any rate for those who are members of local authorities, was that contributed by Treasurer (equivalent to Chairman of Finance Committee in England) Harvey, D.L., J.P., of Edinburgh, on "Budget Speeches." He gave some practical advice to chairmen of finance committees on the scope and structure of their speeches in introducing the financial estimates of a local authority. He favoured the importance of dwelling upon some specific theme touching public finance, and intimated some of the subjects which could well be selected as being of importance and interest to the ratepayers. For instance, the relation of local government finance and Imperial finance; the principle of industrial management as applicable to the work of a municipality; the effect of capital outlay upon the pockets of the ratepayer, or the need for economy in public expenditure. Treasurer Harvey further suggested that the Budget speech should be the medium for educating the public in financial matters and might be illumined by apt illustrations or references. He gave examples in support of his view, *inter alia*, the ability of the ratepayers as a whole to subsidise schemes for a portion only of the community; high taxation affects power to save; the best cure for unemployment is low taxation and low rates, and so on. But the whole paper should be read throughout, especially by chairmen of finance committees, in order that its teaching may be absorbed. There are some useful lessons in it. The discussion which followed the submission of the paper was of a varied but yet illuminating kind. It brought forth numerous ideals of what a Budget speech ought to be.

"Some Things which are essential to Healthy Local Administration" was the subject chosen by Mr. A. Carson-Roberts, Barrister-at-Law, formerly a local government auditor of the Ministry of Health. The views which the contributor propounded were to some extent bold and non-traditional. He placed as the first essential an interested electorate. Uninterested ratepayers, said he, were a menace to good administration. Secondly, greater interest in public affairs could be secured by the supply of real and reliable information regarding local finances, and, thirdly, the establishment of the practice of securing local investors to invest in local securities.

One matter especially was not accepted by the Conference, viz, the view that chief financial officers of local authorities should have cast upon them the duty of stamping out corruption in all its major and minor forms. It was felt that there were limits to the duties and responsibilities of financial officers. They might be regarded as financial watchdogs, but they were not bloodhounds. Opposition was also raised to Mr. Carson-Roberts' view on corporation tenders for works and supplies. He favoured the duty in connection with the invitation to tender and the comparison and submission of tenders, being placed in the hands of an independent and expert officer, and he suggested that any claim by a chief financial officer to discharge these duties should be backed by the finance committee. Whilst

central and collective tendering for general municipal supplies can be defended by experience in this direction, yet it must be obvious that tenders for certain public works must be subject to the control of the head of the department concerned in carrying out the work; at any rate, such was the view expressed by the Conference. But there is much to be said in favour of his opinion, that there should be an independent review of tenders selected for approval before acceptance by the Council. Some of Mr. Carson-Roberts' suggestions are a little in advance of municipal thought, but they are undoubtedly worthy of consideration.

A carefully thought out paper on "Office Machinery and Appliances" was laid before the Conference by Mr. Sydney Larkin, F.S.A.A., the City Treasurer of Coventry. He urged that one of the most serious disadvantages from which local government suffered, as compared with large undertakings, was the weakness of office organisation in practice. Mr. Larkin urged the need for review of existing office methods and the introduction of economical processes. He studiously avoided the recommendation of the mechanical aids of any specific manufacture, but he suggested a careful scrutiny of machines offered. An opportunity for inspecting specimens of almost all modern machines and appliances was afforded by manufacturers, who had arranged an exhibition of all kinds of office helps in a room adjoining the Conference Hall. In the conversation which followed the reading of Mr. Larkin's paper speakers were deeply concerned as to the effect on employment of the adoption of time and labour-saving methods.

The last paper submitted was one prepared by Mr. James Boucher, F.S.A.A., Borough Treasurer, Wallasey, on "Standardisation of Abstracts of Accounts." It is an old subject revived, but this does not mean that it is "out of date"; on the contrary, there is more need than ever that uniformity on standardised lines should be secured. The Institute has done much in this direction during the last 30 years, and a further step forward has been secured by the issue in 1930 of an Order of the Ministry of Health regarding the keeping of municipal accounts. Mr. Boucher not only reproduces the history of the movement for dealing with this matter, but he also makes suggestions as to the lines on which uniformity and standardisation should proceed. The question has been relegated to the Council for consideration, and they will no doubt be assisted in their deliberations by the views so clearly expressed by Mr. Boucher in his paper. The contribution is timely and helpful.

The usual annual dinner of the Institute was held in the Dance Hall of the Regent Rooms, when there were about 500 present, including the Mayor and Mayoress of Brighton, the Lord Mayors and Mayors of many towns, and other distinguished guests, notably the Vice-President of the Society of Incorporated Accountants and Auditors (Mr. E. Cassleton Elliott) and the Secretary of the Society (Mr. A. A. Garrett, M.A.), Sir Edward Holland (the High Sheriff

of Surrey) and Lady Holland, the Town Clerks of Manchester and Brighton, Councillor Routley (Chairman of the Brighton Finance Committee), and Mr. W. Sutherland Wilkinson (Chief Inspector of Audits, Ministry of Health).

An interesting item at the dinner was the presentation of a silver tea and coffee service and dish to Mr. William Bateson, J.P., F.S.A.A., of Blackpool, on his retirement from the Council of the Institute after a lengthy period of service. The gift was that of the general body of members of the Institute. Mr. Bray, the President, in handing the gift to Mr. Bateson, referred to his eminent and long connection with local government finance, both as a public official and as a member of the Institute, and touchingly mentioned the affectionate regard in which Mr. Bateson was held. Mr. Bateson, who was given musical honours, feelingly expressed his thanks for the good will shown to him.

A résumé of the Conference would be incomplete unless reference were made to the arrangements for the comfort and convenience of those attending the Conference and their ladies by the Mayor and Mayoress of Brighton (Alderman Sidney C. Thompson, J.P., and Mrs. Thompson). These embraced the use of the Dome and the Pavilion, a garden party for the ladies, and a mayoral ball in the palatial rooms of the Pavilion. In addition to this the trams, piers, Aquarium, and other amenities were placed at the free use of the Conference party, and the Mayor and Mayoress of Worthing entertained the guests to tea.

But we must not forget the services of Mr. R. W. Bunn, F.S.A.A., the Borough Accountant, and his deputy (Mr. Hillier) and staff. They worked hard to meticulously provide for the welfare of all the delegates and friends. The visit to Brighton ranks high in the annals of the Institute. And lastly, Mr. Arthur Collins, F.S.A.A., the Honorary Secretary of the Institute, and his capable and energetic Assistant Secretary (Mr. C. Garrett Holden, M.A.) and staff had not omitted to see that every detail in the Conference arrangements was in order and properly functioning. They were accorded the warmest thanks for the work they had so well done. There is yet one other matter to mention, and that is the luncheon at the close of the proceedings, kindly provided by the retiring President (Mr. J. E. Bray) to the Past Presidents and a few friends. It was a happy function and one that was highly appreciated by the guests.

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### Professional Appointments.

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Mr. G. T. Bailey, Incorporated Accountant, until recently clerk to Mr. Arthur Collins, Westminster, London, has been appointed County Accountant of Gloucestershire.

Mr. Harold Warwick, A.S.A.A., has been appointed Deputy Borough Treasurer of Blackpool.



## ALTERNATE DIRECTORS.

Having regard to the doubts which are entertained as to the precise status of alternate directors, the application to them of certain provisions of the Companies Act, 1929, and the legal relationship between them and their appointors, the Council of the Chartered Institute of Secretaries has obtained the opinion of counsel (Mr. Lionel L. Cohen, K.C., and Mr. A. Andrewes Uthwatt) on the points set out below:—

1. Is the appointment by a director of an alternate an "assignment" of his office within the meaning of sect. 151?

2. (a) Under sect. 144 of the Act, must alternate directors be included in the register to be kept pursuant to sub-sect. (1) and in the return to be made to the Registrar pursuant to sub-sect. (2)?

(b) Does sect. 145 (names of directors on business letters, &c.) apply to alternate directors?

(c) If a prospectus contains a statement that Mr. X. acts, or will act, as alternate director for Mr. Y., must a consent to act as director be signed by Mr. X. and delivered to the Registrar pursuant to sect. 140 (1) (a), and must the prospectus also be signed by him?

3. (a) If an alternate is acting and there is a question of concluding a contract or arrangement in which

(i) The director by or in respect of whom he is appointed, or

(ii) The alternate,

is interested, what is the effect of sect. 149 relating to the disclosure of interest?

(b) Similarly, what is the effect in such cases of an Article which provides that an interested director must not vote and that if he does vote his vote shall not be counted?

4. To what extent, if any, is a director responsible for the acts, defaults and liabilities (whether under statute or at common law or in equity) of his alternate acting in his capacity as such?

5. In order to meet any difficulties arising out of the above questions would it be advisable, and also an adequate protection, to adopt an Article which would not give to an individual director the right to appoint an alternate, but would give to the Board as a whole the right at his request to appoint an approved person to act as an alternate director in his absence?

6. Under sect. 128, sub-sect. 1 (c), must there be included in the accounts of a parent company the amount paid by a subsidiary company as remuneration to a director of the subsidiary company if that director happens also to be an alternate for a director of the parent company?

Assume, for instance, that Company A holds all, or a majority, of the shares of Company B. Assume that Brown is a director of Company A and that Jones is a director of Company B acting also as alternate for Brown on the Board of Company A. It is clear that the accounts which Company A has to present to its shareholders must include the remuneration paid to Brown as a director of Company A; but there is apparently nothing in the section which requires the inclusion of sums paid by Company B to its own directors who are not also directors of Company A.

There would thus appear to be no necessity in the case supposed for the accounts of Company A to include anything paid by Company B to Jones in his capacity of director of that company, unless the fact that Jones acts as alternate for Brown as a director of Company A makes such disclosure necessary.

## COUNSEL'S OPINION.

I. Before dealing with the particular questions put to us, it is essential to point out that the phrase "alternate director" does not in itself convey in law any particular meaning or connote that any particular status is occupied by the person described. The legal position of a person acting as an alternate director depends in the ultimate result upon a consideration of the circumstances in which it is possible to appoint him, the person or body empowered to appoint him, the tenure and conditions of office, and the powers which he is entitled to exercise.

In our answers to the questions we assume, except where otherwise stated, that the Articles of Association are in the form of Table A, with the addition of an Article in the form of the following Article which is in fairly common use:—

"A director may at any time appoint any person approved by the Board to be an alternate director of the company, and may at any time revoke any such appointment. An alternate director so appointed shall not be entitled as such to receive any remuneration from the company, nor be required to hold any qualification, but shall otherwise be subject to the provisions of these presents with regard to directors. An alternate director shall be entitled to receive notices of all meetings of the Board, and to attend and vote as a director at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of a director in the absence of such appointor. An alternate director shall *ipso facto* cease to be an alternate director if his appointor ceases for any reason to be a director, provided that if a director retires by rotation, but is re-elected by the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired. All appointments and removals of alternate directors shall be effected in writing under the hand of the director making or revoking such appointment and shall be deposited at the registered office of the company."

II. We would add further that in considering the position of an alternate director under the provisions of the Companies Act, 1929, there must throughout be kept in mind the definition of a director contained in sect. 380 as "including any person occupying the position of a director by whatever name called."

In our opinion an appointee holding office under the Article set out above is a director, but the person in right of whom he is appointed has not ceased to be a director. It is indeed not possible for both to function as directors at the same time, but the appointee is neither the simulacrum nor the shadow of the director whose functions are temporarily in abeyance.

This general view is the basis of the opinion we give to the particular questions put to us.

In our answers to these questions, we refer to the director in respect of whom an alternate is appointed as "the original director," and we answer those questions as follows:—

1. We think not. The original director retains his office and nothing is assigned.

2. (a) We think so.

(b) We think so.

(c) We think so.

3. (a) Under sect. 149 the interest of every director in a contract or proposed contract requires to be disclosed, and we think that this section applies so as to require the original director and the alternate to disclose their respec-

tive interests, but neither is, we think, under any obligation to disclose an interest possessed by the other.

(b) Under such a provision as is referred to we do not think that the original director is precluded from voting by reason only that the alternate is interested or that the alternate is precluded from voting by reason only that the original director is interested. In other words, the mere relation of director and alternate does not of itself justify the inference that an interest possessed by the one is an interest which affects the other.

4. This question admits only of a general answer and that answer is in the negative. In the ordinary case liability for any act will attach to an alternate only by reason that he has acted as a member of the Board which has come to some particular determination or by reason that some particular function has been assigned to him by the Board and in neither case do we think that the original director can be made responsible for matters on which the alternate has been engaged.

We do not think that any clause affecting to relieve the original director from liability for the acts and defaults of the alternate would, having regard to sect. 152 of the Act, be of any avail.

5. See 7, below.

6. We do not think that fees paid to a director—alternate or otherwise—of the subsidiary company who was not a director—either as alternate or otherwise—of the parent company fall to be included in the particulars to be shown in the account of the parent company, but there must be included fees received by a director (alternate or otherwise) of a subsidiary company, where such person is a director (alternate or otherwise) of the parent company and has received directors' fees from the subsidiary company.

In the case put therefore Jones' fees must be included.

7. It may be of advantage to append some observations suggested by our consideration of other forms of various Articles relating to alternate directors.

(i) The relative Article sometimes provides that the appointment is to be made by the Board at the instance of the original director and that the alternate is to represent the original director, the provision taking this form to meet the view entertained by some that the appointment of an alternate is an assignment of office. In light of our opinion expressed above no provision is necessary for that purpose, but assuming we are wrong we have our doubts whether the provision would be effective to avoid the suggested difficulty, for it is the original director who sets in train the machinery necessary for the appointment of an alternate.

The latter part of the provision (under which the alternate is to represent the original director) is further, in our view, open to the objection that it opens up the question whether or not the alternative is not in substance the agent of the original director with the possible result that the original director makes himself responsible for the acts and defaults of the alternate.

To avoid misconception we add that there is of course no objection to the appointment being made by the Board and not by the original director.

(ii) The Articles sometimes provides that another director may be appointed alternate. In this case the Article should expressly deal with his voting power.

(iii) The Article seldom, if ever, provides that the alternate is not to be taken into account in determining the number of directors for the purposes of the Articles his exclusion from the computation being left as a matter of construction of the Articles as a whole. It is perhaps desirable that express provision should be made.

(iv) The Article occasionally provides that the alternate is not to be deemed to be the agent of the original director. In the general case this addition does not serve any useful purpose, though possibly it may be of some use where the Article states that the alternate is to represent the original director.

(v) Finally, we may add that it is impossible in our view by any form of words to secure at the same time the objects sought to be achieved by provisions as to alternates without the alternate becoming a director within the meaning of the Act.

8. We do not think that we can usefully add to the above.

(Signed) LIONEL L. COHEN,  
A. ANDREWES UTHWATT.

## Changes and Remobals.

Mr. Owen Avison, Incorporated Accountant, announces a change of address to 25, Market Street, Huddersfield.

Messrs. Buzzacott, Lillywhite & Co., Incorporated Accountants, announce that their Bognor office has been removed from 15A, London Road, to 11, Arcade Chambers.

Mr. Thomas Hodgson, F.S.A.A., has entered into partnership with Mr. W. Woods, A.S.A.A. The practice will be carried on at Clarence Chambers, 4, Piccadilly, Manchester, under the style of Hodgson, Woods & Co., Incorporated Accountants.

Mr. J. H. Johnston, Incorporated Accountant, has joined the firm of McAuliffe, Davis & Hope, as the resident partner in their Paris business.

Mr. H. M. B. Ker, F.S.A.A., The Mart, Bridgwater, has admitted into partnership Mr. A. H. Jones, A.S.A.A., of Barry. The practice will be carried on in future under the name of Ker, Jones & Co., Incorporated Accountants, at Bridgwater and Barry.

Mr. W. Metcalf McKenzie, F.S.A.A., 32, West Sunnyside, Sunderland, announces that the partnership hitherto existing between himself and Mr. A. J. Ingram, F.S.A.A., has been dissolved. He is now practising in partnership with Mr. H. Metcalf Wood, A.S.A.A., at the same address under the style of Metcalf McKenzie & Wood, Incorporated Accountants. Mr. A. J. Ingram, F.S.A.A., will practise on his own account under the style of A. J. Ingram & Co., Incorporated Accountants.

Mr. W. E. Moore, Incorporated Accountant, has commenced public practice at 19, King's Chambers, Angel Street, Sheffield.

Mr. James Paterson, Incorporated Accountant, announces that the office of the Scottish Branch of the Society of Incorporated Accountants and Auditors has been removed to Phoenix Buildings, 78, Vincent Street, Glasgow.

Mr. Stanley Scotter, Incorporated Accountant, has removed his office to Ferres Chambers, 22, Whitefriargate, Hull.

Mr. William Thomas, Incorporated Accountant, has entered into partnership with Mr. A. E. Krinks, A.C.A. The practice will be carried on under the style of Fredk. J. Webb, Krinks & Thomas, at 1, Yelverton Road, Bournemouth.

Mr. William Turton, Incorporated Accountant, will practise in future at Chronicle Buildings, 74, Corporation Street, Manchester.



## EXPENSE OF LITIGATION.

The following are the main points in the observations of the General Council of the Bar and of the Law Society on the Report of the London Chamber of Commerce upon which a deputation from the Chamber was received by the Lord Chancellor in November last, a report of which appeared in our issue of December, 1930 :—

### Observations of Bar Council.

The Council appointed a Special Committee to consider the Report of the London Chamber of Commerce on the Expense of Litigation.

The London Chamber of Commerce Report (referred to herein as the Chamber's Report) is confined to litigation arising out of ordinary business relationships and excludes divorce, libel and slander actions. Though some of the recommendations made by the Council would apply generally, the Council had in mind chiefly the class of case with which the Chamber's Report is concerned.

The Chamber's Report came into existence as a result of representations from members of the Chamber complaining of the high cost of litigation. It is of the utmost importance that such complaints should receive the fullest consideration and investigation. The Council considers that there is some truth in the view expressed in the Chamber's Report that English judicial procedure, though the most perfect of its kind in the world, has become "an expensive luxury beyond the means of the majority of people."

On the other hand, the public is apt to be influenced in its general impressions by exceptional cases involving unusual features and expenses which have little bearing on the ordinary costs of litigation. In some of these exceptional cases it may no doubt be possible to devise means by which expenditure could be reduced. There will, however, always remain certain cases the settlement of which by litigation must necessarily be a very expensive business.

In the minds of the public no doubt Counsels' fees loom large as an item in costs of litigation. But it cannot be too strongly emphasised that the services of thoroughly competent, though perhaps not well known, barristers (both leaders and juniors) are always available for ordinary cases at very moderate fees—lower fees, indeed, than professional men receive for analogous services in other professions.

With regard to the statement in the Chamber's Report that Barristers' fees are paid in advance, though no doubt this ought to be the practice seeing that the Barrister cannot sue for his fees, yet in fact it is not the usual practice at the present day, nor are the Barrister's overhead charges by any means negligible as suggested in that paragraph.

In paragraph 8 of their Report the Chamber of Commerce conclude that barristers and solicitors do not get undue remuneration compared with other professional men having regard to their lengthy training expenses, etc. The Council agrees with this conclusion, and accepts the reasoning on which it is based. It follows, therefore, that a reduction in expense must be found by alterations in the system and procedure. The recommendations in the Chamber's Report are collected in paragraph 16 and the following paragraphs, and may be classified under six heads :—

- (1) Admissibility of documentary evidence.
- (2) Expert evidence.
- (3) The two-thirds rule.

(4) Proceedings before trial.

(5) Procedure at trial.

(6) Sliding scale of costs dependent on the amount involved.

### DOCUMENTARY EVIDENCE.

The Council thinks that the additional expense due to the rule of evidence which requires oral proof is exaggerated in the Chamber's Report. There is, nevertheless, room for some saving of time and money. The question has two aspects, (1) the admissibility of documents, e.g., contemporary records, letters, &c.; (2) the admissibility of affidavits or statements in lieu of oral evidence.

As to (1) the Council recommends : That all documents should be accepted in evidence without formal proof unless formally challenged and oral proof demanded, in which case the challenger should have to pay the costs of the oral proof unless the Court otherwise ordered. The Court should have power to admit documents as evidence of matters appearing by them, whether such documents are admissible as evidence according to existing rules or not.

As to (2), the Council recommends : That if both parties agree or the Court so directs, evidence of witnesses may be presented in the form of affidavits. The party against whom an affidavit is tendered to have an absolute right to reject it, in which case the cost of calling the witness should be paid by the rejector in any event, if the Judge at the trial thinks the affidavit should not have been rejected. Tender of affidavits to take place at any time after the close of pleading. If evidence is required from abroad this to be given by affidavit or declaration unless otherwise ordered.

It will be seen that upon (1) the Council's recommendation is substantially that made in the Chamber's Report. On (2) the Council disagrees with the suggestions that evidence should be in the form of statements not on oath; that a party challenging such statement should make a deposit of the costs; and that evidence from abroad should always be given by affidavit and never orally by the witnesses either here or on commission.

### EXPERT EVIDENCE.

The Council suggests that the desired reduction of the present expense of expert witnesses would be best attained by giving the Master or Judge power to limit the number of experts. Much expense in time and money would be saved if, when it is proposed to call an expert, a copy of his report were furnished to the other side before trial.

The Council disagrees with the proposal in the Chamber's Report that an Assessor should sit with the Judge in certain cases.

The Council is not in favour of making the sum involved a rigid basis as to the procedure to be followed. The sum involved is often no measure of the importance of the case, particularly in cases involving technical or scientific questions.

### THE TWO-THIRDS RULE.

The Council has given most careful consideration to the matter referred to as "the two-thirds rule," i.e., the long-established practice under which Junior Counsel is entitled to a fee of from three-fifths to two-thirds of his leader's fee.

The Council is satisfied that this practice is not to any important extent responsible for the excessive cost of litigation.

In the ordinary run of cases, the application of the rule does not result in the junior having a higher fee than that to which he is reasonably entitled.

The objections of the Chamber seem to be directed to the cases where a "fashionable leader" is engaged, to use the phrase employed by the Chamber. The employment of leading counsel who come under this description is a luxury indulged in by wealthy individuals or corporations, and usually in cases where large sums are involved and the expense is relatively unimportant. There is no difficulty in securing the services of perfectly competent counsel who are not "fashionable," and who are content with moderate fees.

The Council, therefore, is of opinion that this matter is not of real importance.

At the same time, the Council is anxious to meet the views of the Chamber of Commerce, and would be prepared to recommend the following modification of the existing practice:—

Where the leader's fee exceeds 150 guineas, the junior's fee shall be a matter of arrangement, provided that in such cases the junior's fee shall not be less than 100 guineas, and in addition not less than one-third of that part of the leader's fees that is in excess of 150 guineas.

But the Council is of opinion that if this modification is adopted the work of junior counsel in advising and drafting (which is admittedly underpaid, having regard to the difficulty and responsibility of the work) should be remunerated on a more adequate scale as suggested in the Report of the Chamber.

#### PROCEEDINGS BEFORE TRIAL.

The Council thinks that the complaint in the Chamber's Report as to the excessive number of interlocutory proceedings attended by Counsel is not really justified. There is, however, in the Council's view, room for improvement in the present procedure.

The Council recommends:—

(a) That specially indorsed writs be issuable for claims for unliquidated damages; to be followed by summary judgment on the question of liability as under Order XIV. Damages, if not then agreed, to be the subject of reference.

(b) That pleadings should be delivered according to rule without any Summons for Directions, and that after pleadings closed either party may be at liberty to apply for Directions before the Master or Judge at the option of either party, namely, for orders dealing with any of the following matters:—

- (i) Place, mode and date of trial.
- (ii) Any further particulars of pleadings required by either party.
- (iii) Whether an affidavit of documents should be ordered. Interrogatories, if any. Limitation of documents to be copied for the use of the Court.
- (iv) Admission of documents as evidence, and as to witness's evidence by affidavit.
- (v) Directions (including limitation) as to expert and other witnesses.
- (vi) Direction in a proper case as to scale of costs applicable.

So far as admissions are concerned, the Council thinks more use might be made of Order 32 and the above procedure would encourage its use.

In giving the directions as set out above, the Master or Judge should have power to make any order which will enable the matters in issue to be tried with the least amount of delay and expense to the parties, e.g., order any issue of fact to be tried first, if in his opinion it will dispose

of or lessen the cost of the action; limit the issues to the matters which as a result of admissions by the parties before him or otherwise he finds to be the matters really in dispute, and thereby as far as possible obviate the expense of unnecessary evidence.

The question of printing documents is one which the Council thinks should be considered. They had no evidence before them as to the extra cost which this involves.

#### TRIAL.

The Council agrees with the suggestion in the Chamber's Report that dates should always be fixed for trials in cases involving witnesses. This is very important. It cannot, of course, be absolutely rigid. Cases in London or on Circuit may last longer than is expected, or a Judge may be ill. A great deal, however, could be done. The principle should be that the Courts are for the convenience of the public, and although the proposal will inevitably lead to some waste of judicial time, this seems to be preferable to present conditions.

The Council approves of the suggestion that witnesses should be provided with a *chair* and should give their evidence sitting.

The Council does not agree with the suggestion that a *business manager* should be entrusted with the management of the Lists, business and staff arrangements of the Law Courts. It finds no reason to suppose that an outside person would be more competent than those who have already had considerable experience in these specialised branches of organisation.

The Council recommends that there should be *Court shorthand writers*.

#### SLIDING SCALE OF COSTS DEPENDENT ON THE AMOUNT INVOLVED.

The Council thinks that this proposal deserves very careful consideration, but that it should, in its opinion, only apply to the taxed costs which a successful litigant could recover. The scale, that is to say, would involve a maximum limit for the taxed costs recoverable, varying for the defendant with the amount claimed and for the plaintiff with the amount recovered. Such a scale would enable a litigant to know the limit of his liability in costs to the other side and would have a salutary effect in keeping down costs. In a case where questions of importance and complexity were raised, although the sum involved were small, the Court should have power to vary the scale. The time to exercise this power would in the Council's opinion be when directions were applied for as set out in paragraph 10 (b) above. In cases in which damages are at large, or, say, an injunction is claimed, an agreement could no doubt often be arrived at between the parties as to the scale to be applied; but in the absence of such agreement it would be optional for either party to apply to the Court on the Summons for Directions, and if neither party applied the matter would have to be dealt with by the Judge at the trial.

The Council agrees with the view set out in paragraph 18 of the Chamber's Report that the limits of *County Court jurisdiction* should not be extended.

The Council disapproves of the suggestion that the State should bear the extra costs incurred as a result of successful Appeals. The question of Appeals to the House of Lords was discussed. No final opinion was arrived at, but the Council thinks the question of limiting the right of appeal from the Court of Appeal is one which deserves serious consideration.



### Law Society's Observations.

That Justice should be rapid, certain and inexpensive is the desire of every reasonably-minded person, and our object now is to consider what, if anything, can be done to reduce the cost of access to the Courts.

The cost of litigation may conveniently be dealt with under three general heads—

1. The witnesses' expenses and expense of presenting the evidence.
2. Counsel's fees.
3. Solicitors' profit charges as distinguished from the out-of-pocket expenses.

### THE EXPENSES OF EVIDENCE.

Let us take for example a footpath case in which the question of a public right of way is involved.

It is first of all necessary to obtain on the spot evidence of the user of the way by the inhabitants. Many of the inhabitants have to be interviewed and five or six of them selected to give evidence. They all have to be paid for their time and their expenses provided for. Old records may have to be examined and the costs of copies incurred. Photographs have to be made and possibly a view is necessary.

In every case it is fundamental that both the plaintiff and the defendant should have the right to put the best case they can before the Court.

Unfortunately, in recent years there has been a tendency to overload cases due perhaps in some cases to the requirements of counsel's opinion on evidence. In our opinion the remedy is to some extent in the hands of the Judges, and they should be more ready to give definite directions to the Taxing Master to disallow the costs of unnecessary evidence.

If an *ad valorem* scale of costs were fixed, the result would be to deter a plaintiff from proceeding in the Courts of Justice. He might claim, say, £1,000, and the party-and-party scale costs on that amount might be satisfactory; but he might be awarded only £600, and the party-and-party scale on that amount would not satisfy his own solicitor's costs. Unless a litigant sees a chance of the party-and-party costs being a fair indemnity if he wins the action, he will prefer a rough-and-ready arbitration.

Suggestions have been made that there should be a preliminary hearing before the Court or a Judge at which the points in issue should be defined and the points upon which evidence would be required indicated. We favour this suggestion and consider that as soon as the pleadings are closed the summons for directions should be restored in order to obtain the Judge's decision on the following points:—(1) Discovery. (2) Admissions. (3) Affidavit evidence. (4) Documentary evidence. (5) Oral evidence and in suitable cases the pumber of witnesses. (6) Interrogatories. (7) The desirability of assessors. (8) Experiments to be agreed if possible. (9) Agreement of the correspondence. (10) Date of trial. (11) Jury.

This is in effect a development of the existing summons for directions, which, while a well-intentioned provision, is one which has been found to be quite useless in practice.

This hearing should, if possible, be before the Judge who tries the case, and should be in Chambers. It would have to take place immediately after the pleadings are closed, as now before they are delivered, and before notice of trial.

The Judge might be able to extract from the one side or the other agreements or admissions that would greatly shorten the evidence.

This hearing should be attended by junior counsel only or by the solicitors, unless the Judge should specially certify for the costs of the leading counsel.

This suggestion is open to the obvious comment that it involves two hearings instead of one, but after all it is only a development of the summons for directions, and we believe it to be worthy of trial. It may be said that it is more in favour of the defendant than the plaintiff, but the answer is that the defendant is always entitled to know what case is to be made against him.

We think that it would be very desirable that a day should be fixed for the trial of every cause and such date be adhered to, but we are aware that difficulties exist in that connection.

### COUNSEL'S FEES.

In dealing with this subject we must realise that a client is entitled to instruct any counsel he pleases, and that counsel are entitled to ask such fee as they may think proper.

Our experience is that in nearly every instance it is the client who insists upon the employment of an expensive counsel and not the solicitor.

The Taxing Masters have a wide discretion as to the allowance of counsel's fees as against the losing party which they exercise without hesitation. It is, therefore, the litigant, and not the procedure, which is responsible for this expense.

But during recent years the amount of the fees paid to counsel has risen out of all proportion to the rise in the cost of living, and we do think that very often they are entirely out of proportion to the issue involved.

The refresher fees demanded by some counsel are too high, and we are of opinion that when an adequate fee has been marked on the brief, moderate refresher fees in respect of subsequent days should be considered sufficient. We do not for one moment suggest that these refresher fees have anything whatever to do with the prolixity of a hearing, but the system is open to the observation by those less experienced than ourselves.

As regards the much-discussed two-thirds rule, we believe that in most cases this proportion in the fees of junior and leading counsel is, in fact, a fair one, and that the abolition of the rule would be found to make little difference in practice to the great majority of fees marked. Nevertheless, we consider that there are cases in which the rule operates to increase, to an extent which may be difficult to justify, the cost of litigation, and in which, therefore, its continued existence is to be deprecated. Moreover, in our view the principal reason which in the past has been advanced in its favour, viz, the inadequate remuneration of junior counsel in the early stages of litigation, has to a considerable extent diminished in force, our experience being that there has been an improvement in this regard. Accordingly, the conclusion which we have reached is that the two-thirds rule—as a rule, or a hard-and-fast convention—should no longer be maintained. In any event, any marked discrepancy between the brief fees of leading and junior counsel might be adjusted in favour of the junior by increasing his fees in regard to interlocutory work.

We hold a strong opinion that leading counsel should, in the case of large fees, allow a substantial part of them to be marked as a special fee and that the resolution of the Bar Council to the effect that the employment of a

third counsel should be treated as a special circumstance allowing the second counsel to receive a non-proportionate fee should be more readily acted upon.

We do not propose, unless requested so to do, to deal with the question of the payment of barristers' clerks or the fusion of the two branches of the profession.

#### SOLICITORS' PROFIT CHARGES.

This subject has been very fully dealt with in the memorandum of the London Chamber of Commerce, and in the main we agree with their observations.

A table of costs taken at random from actual party-and-party taxed bills shows that the amount of the solicitors' profit charge is but a small percentage of the whole costs and when the amounts of their overhead establishment expenses are taken into consideration, the remuneration is by no means excessive; in fact, many solicitors of experience consider that there is very little profit at all to be had out of pure litigation.

In conclusion, therefore, we can only recommend:—

1. That the suggestion of a preliminary hearing by the development of the summons for directions should be given a trial, and
2. That the recommendations which we have made above upon the subject of counsel's fees should receive careful and favourable consideration.

### THE PUBLIC TRUSTEE'S REPORT.

The following is extracted from the 23rd annual report of the Public Trustee:—

I have the honour to submit the 23rd General Report, covering the twelve months ending March 31st, 1931, on the Office of the Public Trustee.

The general economic depression made the administration of trusts peculiarly difficult and anxious throughout the year. It also had an adverse effect upon the revenue of the Office—an inevitable result of falling values on fees calculated *ad valorem*. Notwithstanding this, there was a surplus of £6,945 on the year's working.

The number (1,008) of new cases accepted during the year was virtually the same as that (1,004) of each of the two preceding years. Their aggregate value (£13,606,570) shows a slight decrease from the preceding year. About 60 per cent. of the new cases were under £5,000 in value.

The total number of cases accepted since the Office was instituted is 28,081, of which 10,305 have been completely distributed, leaving 17,776 under administration. The nominal capital value of the funds now in the hands of the Public Trustee is approximately £205,500,000. In addition the Public Trustee is trustee of lands of which the value cannot accurately be estimated, but is probably in the neighbourhood of £50,000,000.

The only loss incurred during the year was one of £96, arising out of an unauthorised investment made as long ago as 1912. This high standard of accuracy, coupled with an almost entire absence of serious complaints, reflects great credit on the staff of the Office.

The Manchester Branch has made normal and steady progress during the year.

Mr. T. E. Kay, A.S.A.A., has recently resigned the appointment of Secretary to the Lancashire Electric Power Company, which he has held over a period of 31 years. His successor is Mr. Stuart M. Rix, A.S.A.A., who has been assistant secretary since 1927.

### Obituary.

#### JOHN HENRY COOPER.

The death is announced of Mr. John Henry Cooper, Treasurer and Accountant to the Rickmansworth Urban District Council, which occurred on June 8th at the early age of 33 years. Mr. Cooper was admitted an Associate of the Society in 1928, and was also a member of the Institute of Municipal Treasurers and Accountants.

#### WILLIAM FREDERICK CORKER.

We regret to announce that Mr. William Frederick Corker, an original member and Fellow of the Society, died on June 14th at the age of 73. He had been continuously engaged in public practice for over 50 years at 19, Figtree Lane, Sheffield. In 1920 his son, Mr. H. F. S. Corker, became an Incorporated Accountant and was taken into partnership. The practice is being continued by him under the firm name of W. F. Corker & Son. The funeral took place on June 17th. Mr. J. W. Richardson, A.S.A.A., represented the Sheffield District Society of Incorporated Accountants, of the Committee of which Mr. W. F. Corker had been a member some years ago.

#### WALTER DUVAL GOATLY.

We announce with regret the death of Mr. W. D. Goatly, A.S.A.A., which occurred on May 29th last. Mr. Goatly practised in the City of London as Messrs. W. D. Goatly & Co., and had been a member of the Society since 1898. His son, who was also an Incorporated Accountant, died about a year ago in Calcutta.

#### BERNARD WELBOURN.

Mr. Bernard Welbourn, A.S.A.A., Assistant City Accountant of Winchester, died on June 8th after a short illness. Mr. Welbourn was admitted an Associate of the Society in 1925, and was also a member of the Institute of Municipal Treasurers and Accountants.

#### FEATHER OGDEN WHITELEY.

The widely regretted death of Mr. Feather Ogden Whiteley, O.B.E., F.S.A.A., City Treasurer of Bradford, occurred on May 31st, in his fifty-fifth year. By his decease Bradford has lost a City Treasurer of great energy and ability, and both the Society of Incorporated Accountants and Auditors and the Institute of Municipal Treasurers and Accountants have been deprived of an able and leading member. Mr. Whiteley was appointed City Treasurer of Bradford in 1912 and previously thereto he had occupied the office of Deputy City Treasurer for a period of four years, his whole training and experience having been in municipal accountancy. He was elected an Associate of the Society in the year 1912 and a Fellow some three years later. In the year 1920 he was appointed a member of the Council, a position from which he retired in 1928, acting on medical advice. During the War Mr. Whiteley rendered valuable services to the Government on Advisory Committees and did a great deal of other work in addition to his ordinary duties. At the conclusion of hostilities he was created an Officer of the Order of the British Empire and was also awarded the Medaille d'Or by the Belgian Government. At the memorial service held at St. Luke's Church, Broomfield, on June 3rd, there was a representative attendance of leading citizens, including the Lord Mayor, Aldermen and members of the City Council and Officers of the Corporation. The Council of the Society of Incorporated Accountants and Auditors was represented by Mr. Frederick Holliday, F.S.A.A., of Leeds, and the Bradford and District Society of Incorporated Accountants by Mr. T. Hudson, F.S.A.A., Mr. J. W. Reynolds, F.S.A.A., and Mr. H. Reynolds, F.S.A.A., Hon. Secretary.



## The Accountant and Post Slump Problems.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District by

MR. J. C. REA PRICE,

City Editor, "News Chronicle" and "Star."

The chair was occupied by Sir STEPHEN KILLIK, J.P., F.S.A.A., the President of the Society.

Mr. REA PRICE said: Mr. Chairman, ladies and gentlemen; there are three main reasons why I approach to-night's address with trepidation. It is an honour to address a body which has had before it a succession of eminent lecturers. That honour is doubled in having as Chairman so distinguished an authority as Sir Stephen Killik. The third reason is that I have not come to lecture at all, but to put forward a sort of perpetual question mark. I want to take events, laws, restrictions, and public mentality just as they are and suggest some of the questions which may arise in the future—questions some of which it may be your task eventually to deal with in a very practical way. I realise that I ought to take the advice that Sir Stephen last week told some of us was given to an old lady making her seventh appearance for shoplifting. The magistrate told her that she had reached the age when she should take things more quietly. I must try and act upon that advice to-night. But before I array you against me to a man, and before the concerted bark of you professional watch-dogs drown my words, let me admit readily that you may feel that I am putting forward idealistic suggestions and asking you to deal with problems which are, as yet, outside the scope of an accountant's duty. Let me admit that some of my remarks may sound heretical. My excuse is to be found in the remarks made by the President of your London and District Society after the address which was given in this hall by Dr. Coates last week.

Mr. Keens pointed out that this is more than a student body. It is one which seeks to keep in contact with ideas for the future. And I believe that it was the intention of your parent body that this hall shall become a sort of forum for the discussion of the major problems of economics that impinge upon the growing responsibilities and prestige of the public accountant.

I should like to narrow the meaning of post-slump problems for the purposes of to-night's address, and to deal with the accountant's share in the solution of our post-slump problems. It is for that reason that I have taken the liberty of altering the title of my paper to the "Accountant and Post Slump Problems." With the audacity of the detached and outside observer, I therefore venture some remarks on:—

- (1) The Accountant and the Stock Exchange Regulations.
- (2) The Accountant and Post-Slump Prospectuses; and
- (3) The Future of Auditors' Certificates.
- (4) The Presentation of Published Accounts.

We have in these more than enough to occupy our time this evening.

### (1) THE STOCK EXCHANGE.

It has been said that the reform of the Stock Exchange Rules dates from the "Hatry" crisis. What one would rather say is that the germ of reform that was taking place on the Stock Exchange was encouraged in its growth by some of the post share slump problems which coincided

with the "Hatry" crisis. The Stock Exchange Committee has now tightened up the rules regarding quotations for shares of untried companies. They are averse to granting permission to companies formed, ostensibly to take over foreign rights of untried companies, but actually for the making of internal or domestic profit at the eventual expense of the public. And there is the new power, all to the good, of withholding certain quotations until certain types of companies have published their first year's accounts. The Stock Exchange is thus giving its gesture of faith to the importance that attaches to the accountant's examination of a company's accounts. This is a great move forward, and it would be a thousand pities if your profession failed to recognise it as such.

May be some day both bodies—the Stock Exchange and the accountancy profession—may arrange for the publication of half-yearly or periodic earnings statements, to be issued as a condition of quotation for given companies' shares on the Stock Exchange. Something approaching that condition applies in New York. The accountant and the Stock Exchange together can, one ventures to suggest, do much along these lines to give the investor the enlightenment to which he is socially entitled if investment for him is not to be encouraged as a blind bargain.

But the Stock Exchange needs your co-operation.

Some critics say that it is not strong enough, and others say that there may be danger of domestic control within the Stock Exchange becoming too strong. For instance, for certain companies the Stock Exchange wants the accountant's assistance by way of providing the first year's accounts before the share quotation may be given.

One would urge a certain uniformity of practice here; an occasion arose recently when shares were made the subject of an offer for sale, and that document contained an auditor's certification of the profit for the previous three years. Quotation was withheld until the publication of the accounts to December 31st. One cannot help feeling that there should be some measure of ascertaining whether a quotation is likely to be given before an offer for sale has gone too far.

Let me anticipate your changing the issue to a friendly camp and saying that the Press may have a responsibility here. I think you may take it as a fair generalisation that the responsible Press is generally not desirous of putting before the public an offer, either by prospectus or an offer for sale, of shares which are not to enjoy a market. Marketability, in my view, is, generally speaking, a necessary attribute of an investment.

But how is the Press to know whether the Stock Exchange will give permission to deal in a given share? In the instance of a new company the Stock Exchange cannot by law give permission to deal until the issue has been made, for under sect. 39 of the Companies Act the company cannot proceed to allotment until it has sufficient funds in hand, which, in the directors' opinion, will provide for:

- (1) Purchase price of property to be purchased with the proceeds of the issue.
- (2) Preliminary expenses.
- (3) Repayment of any borrowings for the previous purpose; and
- (4) Working capital.

Under its own regulations the Stock Exchange cannot grant permission to deal until certain regulations concerning the despatch of letters of regret and allotment have been complied with.

How is the Press to know whether a Stock Exchange quotation will be given? Generally speaking, it might be said that the Press wants only to print a prospectus for shares which will receive a Stock Exchange quotation, but the Press has not, and it should not have, the power of determining the rights of the shares to marketability. Yet the Press publication of a prospectus is a necessary preliminary to a quotation, and in instances when it is not necessary, the Press publication of a prospectus is, by the nature of things, antecedent to the granting of permission to deal.

Here I am on delicate ground, and must go warily. I may go as far as to say that I have discussed with certain financial commentators the question of what action might be taken by the Press. The matter is still under discussion, but opinion seems to be that the onus is really upon those professional men whose names appear upon the prospectus, and particularly upon brokers, and, possibly, you accountants.

The publication of a prospectus bearing the name of a member of the Stock Exchange should pre-suppose that that broker has made inquiries which have reached the stage of establishing that, provided requirements subsequent to share application are complied with, permission to deal will be granted. The submission for publication of a prospectus bearing the name of a broker when conditional permission to deal has not been granted might be a *prima facie* case for disciplining a member of the Stock Exchange whose name appears upon it.

Concerning the question of prospectuses generally, let me ask, who can do more to cast a net around a prospectus as a safeguard to the public? I would say that the broker can do more than either the accountant or the Press, and if one takes the issue as between the two latter, I would say that the accountant can do more than the Press. You see, the broker and the accountant—and the banks for that matter—have a full opportunity for studying a prospectus and the documents relating to it some time before the issue is publicly made. You all have the opportunity and the facilities for “vetting” it, but a financial commentator often receives his first copy of the prospectus an hour and a half before he is due to go to Press, in which time other normal work has to be done.

What opportunity is there for the Press to make its inquiries at Somerset House (when Somerset House has already been closed for a couple of hours) into the capitalisation and the past history of a company, or into the antecedents of an unfamiliar issuing house mentioned in the prospectus? The Press knows the nightmare of a restraint that does not apply so stringently to a broker or to an accountant, namely, the severe law of libel. The Press has to be sure of its facts before it makes an exposure. What can it say of a prospectus which it is not permitted to see in advance, and which its judgment tells it to be highly coloured and possibly extravagant?

The Press cannot say that it believes the directors are wrong in their profit estimates! That may be a libellous reflection upon the directors. But as far as the Press can go is to point out that the certified profits as shown in the prospectus are so and so. It can make a tactful supposition whether the directors' estimates might be realised. Definitely to say that the shares are highly speculative, which, though, very often is as far as the Press can go, is actually, in a way, to encourage applications for the shares if the public is in a highly speculative mood.

I mention this matter in order to reveal the spirit in which I approach the question of “Post Slump Problems

and the Accountant,” in order to show that one's own trade has issues which it must not shirk, but in dealing with which it is hampered by legal and physical restrictions.

I am aware of actual kindred restrictions in accountancy, and I do not want what I say to be interpreted as wild sweeping condemnations. None the less, I do submit that you might often do in the long time at your disposal what the Press endeavours to do in a space of a few hours, i.e., sift the chaff from the wheat in a prospectus.

After all, the man in the street undoubtedly feels that the accountant's responsibility with regard to prospectuses is greater than it actually is. If you could go further than you do at present, you would be assisting very greatly in overcoming one of our post-slump problems. I hope you will not mind if I mention that the 1928 prospectuses, which were analysed recently by Mr. Henry Morgan, contained the names of many very reputable accountants.

A step in the right direction was taken when it was suggested at one of the meetings of your Parent Society that your Council should appoint a commission to inquire into the circumstances surrounding the issue of prospectuses generally. The recommendation was made that this commission might give directions for overcoming the hawking of prospectuses from one firm of accountants to another, the promoter ultimately finding a firm whose views differed from the others and who would permit their names to go forward. Does this not point to lack of organisation? I quite appreciate that Statute Law limits the responsibility of the auditors whose names appear on a prospectus, but this is small comfort to the small investor who invests his money on the strength of those names. You see, I consciously ignore present legal conditions. No harm is done in mental speculation on possibilities.

I turn now to a step in which the accountancy profession and some directors are to be congratulated. That is the extension of the system of share transfer audits. Here is an instance in which closer co-operation between the Stock Exchange and the accountancy profession has resulted largely in the overcoming of one of our pre-slump scandals.

It is pleasing to observe that many auditors' certificates now include a reference to the effect that the register of members has been subjected to audit and that a share transfer audit has been carried out. That method has the approval of the Stock Exchange, and reference to the companies which have adopted this proceeding is now given in the Stock Exchange Official Intelligence.

A third problem of the post-slump period with which the accountant is closely concerned is the rehabilitation of our national industries. We all know that these times are marked by the frequency with which the accountant becomes the “man in possession.” This raises an important question of industrial policy, which time will not permit me to deal with in detail. Questions one would like to put would be such as these:

Is the accountant an administrator acting as agent on behalf of creditors, with whom he has to consult as to policy, or is he an administrator called in as a business physician demanding the free hand that the specialist should have? If the latter, as I hope it may be, I congratulate and envy you as members of a students body, for as accountants of the future you are surely in a profession that affords the ideal stepping stone to a captaincy of industry.

But, if you will pardon the reference, there is this important possibility. At present many industrial concerns are in pawn and many are run by accountants



as the "men in possession." When an accountant is in possession on behalf of a bank, is he liable to be passive in his attitude to the bank when he seeks finance for his industry? It may be, I do not know, more or less hard to get accommodation if the accountant has been called in by a bank. If he is called in by non-bank creditors, prior lien holders and shareholders, whose goodwill he has, it seems to me that the accountant should adopt, if not an aggressive, certainly not a passive policy with the banks, making it clear that, though he is an accountant called in as an administrator, he is not dealing merely with hard £ s. d., but is administering the business, and to state his case for his personal credit. That personal credit played so important a part in the financing of this country's early industrial development. That personal integrity is, or should be, good security for a bank.

The slump has brought in the accountant as an industrial rehabilitator, if I may use the phrase, to a large extent. Thank heaven that the business specialist in this country is drawn from the expert ranks of the accountancy profession and is not the quack of the so-called professional business expert as America knows him. More and more as the accountant becomes a business administrator, more and more should he rise to the opportunity of moulding the relationship between industry and finance in this country. This is definitely a responsibility and an obligation when an accountant has been appointed as administrator on behalf of a bank. Such work entails a great responsibility in that it must inevitably become a factor in moulding industrial banking policy.

It is alleged that the great banks are apt to lend more on realisable securities than on personal security as known by the old country bankers. Apart from the rights or wrongs of that allegation, I would merely like to make the point that personal credit, which has brought the accountant to his position as a professional doctor, is a valuable industrial security which he should not modestly refrain from placing before those who control the joint stock banks of this country.

It is inevitable during a depression so chronic and continuous as that which has affected the greater part of the Western world in the past ten years, and which in the past two or three years has become world wide, that we should have many industrial "lame ducks." Failures in the past two years are more than those which would normally be victims of a cyclical purge.

That leads me to the fourth point in my paper, the question of published accounts. In the past eighteen months there have been some sorry revelations of reputed sound concerns not being what they were thought to be, and what their balance sheet suggested them to be. The man in the street has a precise, or, if not precise, a colloquial meaning of the words "true and correct." I do not mean that what may be "true and correct" to an accountant is not true and accurate to anybody else.

No; one is not by a hair's breadth venturing a semblance of a suggestion that accountants know a standard of morals that gives them a different interpretation of "truth and correctness" than that understood in ordinary parlance. I mean that the Companies Act itself sets its own standard of truthfulness and correctness which is different from the interpretation that the Oxford Dictionary gives to those two words. Sect. 134 of the Companies Act requires an accountant to state whether in his opinion the balance sheet exhibits a true and accurate view of the company's affairs to the best of his information and to the explanations given to him and as shown by the books of the company. What is "true and correct"? The Oxford Dictionary tells us to interpret

something "true" as something in accordance with fact, something not erroneous, and to interpret something "correct" as something true, right and proper. Bless my soul, the Companies Act denies the Oxford Dictionary! How can a state of affairs be true and correct in the precise and generally understood interpretation of those words when the Companies Act itself does not demand the disclosure of all the facts? Certainly not the truth, the whole truth, and nothing but the truth.

Sub-sect. 2 of sect. 123 requires that there must be attached to the balance sheet a report by the directors stating the amount they recommend as dividend and the amount they propose to carry to reserve fund, general reserves, or reserve account. The reserves may be shown specifically on the balance sheet, or, if not, they must be shown in subsequent balance sheets. Your parent body sought the opinion of counsel, and was advised that this did not apply to secret reserves, as such reserves would not be shown specifically on the balance sheet. Thus, by inference, the Companies Act itself does not require the disclosure of hidden reserves and demand the truth, the whole truth, and nothing but the truth. But does the public understand that legally the balance sheet may be true and correct, though literally it is not? The rural investor, and the thousands of private investors whose accumulated savings provide the flow of capital to industry have great faith in the auditors' certificate and are mesmerised by the certification of a Chartered or Incorporated Accountant. May it not be that the public in its innocence has too much faith in an auditor's certificate? If so, it may be no fault of the auditor who has to satisfy legal requirements, and whose professional etiquette often demands from him more than those requirements.

Since 1896 the auditors' anthem has been "Watch dogs are we, not bloodhounds," sung to the familiar tune of the *Kingston Cotton Mill* case, and in it is an affirmation of his creed, laid down in the Case Law of the land, that the auditor is justified in believing tried servants of the company, in whom confidence has been placed by the company. He is entitled to assume that they are honest, and may rely upon their representation provided that he takes reasonable care. He does not guarantee the discovery of all frauds. That is the accountants' charter as set out by the Case Law of the land. If one asks whether the accountant shelters too much behind that decision, one can answer the question oneself from certain outspoken clauses that have been made in auditors' reports and from company chairmen's explanatory speeches at company meetings, which have shown that auditors have often gone much further than is legally expected of them.

The truth, I imagine, is that really you do set out to be bloodhounds, but the leash of the law holds you back. But, let us go back to the standpoint of the untutored rural investor, who, in his ignorance, though not in his folly, has almost implicit faith in the report of an accountant who is a member of one of the two leading professional bodies.

By sub-sect. 2 of sect. 132 it is not for the auditor to question the creation of hidden reserves, but I venture to suggest that the man in the street would be surprised if it were suggested that an auditor could sign a balance sheet in which secret reserves had been used to cover long periods of trading losses.

The theory, and tradition, and to a great extent the practice of joint stock company history shows that the shareholder is a part proprietor, but the treatment of reserves makes that democratic principle not so true in fact. Majority control can lead to the creation of reserves of which other part proprietors know nothing. In a

democratic age there is a case to be made out for the disclosure of all hidden reserves. The argument that knowledge is given away to competitors is an extravagant one and does not hold water, particularly if the accountancy profession provides industry and economic research with all the statistics which it is capable of supplying. The objection that it is nice to know there is something tucked away is more difficult to meet. It is comforting to know that there is something put away for the rainy day, but surely it is more rational to know in advance how many rainy days one can withstand. Besides, there may be less in the stocking than the uninformed part proprietor has led himself to believe. These should be days of enlightenment, and not of something out of sight.

It may be revolutionary to suggest that great institutions like the banks, insurance companies, and building societies, should be prevented from creating hidden reserves. But in the case of trading companies we are on surer ground. With trading companies an obvious ability to pay out large sums on demand is not a primary requirement.

A trading company's main function is to trade and make money, and that is why the public put their investments into it. As part proprietors, or potential part proprietors, may they not be entitled to know the full truth, and the whole truth, so far as that is humanly possible?

Somewhere between the great institutions like the banks, which have hidden reserves and material strength necessary to their calling, and a purely trading company it should be possible to draw a line for the non-disclosure and disclosure of hidden reserves.

I am, of course, speculating on something in advance of what legislation at present permits you as auditors to decide, but the presentation of *true* accounts does represent the most important duty of the accountant now that we are all putting our house in order for the post-slump drive.

I now wish to say a few words on the future of auditors' reports and the duty of the accountant as to the real value of the assets above his certificate. I do not forget that the power of auditors is necessarily limited. Accounts may go astray through misfortunes in the valuation of circulating assets. The auditor is no valuer and cannot be expected to be, though he may be expected to see that reasonable machinery for valuing current assets is in force. Nor is he to value goodwill. But is the mythical, but, believe me, very ignorant man-in-the-street aware of these legal restrictions? Ignorance in law and in investment may be no defence. The average investor's ignorance (forgive the phrase) may be his fault. But unfortunately the ignorant one goes on in his blissful investment and provision of capital for industry, thinking, according to his lights, that all is well, because of his faith in an auditor's report, a report given by an auditor in strict compliance with the law—a law which requires him to go so far and no farther.

Whatever the legal position is, my work as a financial commentator shows me that the rural investor is often under the impression that you carry out your work much on the same lines as the Auditor and Controller-General. Sir Malcolm Ramsay—himself, I believe, an Incorporated Accountant—does not give a brief report containing those words "Subject to," which may mean so much or so little. His reports call a spade a spade.

A point upon which I should like enlightenment is, how far have auditors power to make directors get on with the publication of their accounts? There is a statutory time during which accounts have to be published. But what a time it is! And what damage can be done during the delay! This, I grant you, is a complaint

against the Companies Act. But whenever, if ever, the State gives you the power to be outright in what you have to say, then please, in the interests of the investor, do not fail to seize the opportunity. Deliberate delay on the part of the directors to get their accounts published, in the hopes that share markets may meantime improve, are not unknown.

Some of the dullness of City-editing I have known to be enlivened by keeping track of written promises to present accounts within a certain time, then reminding the directors, in print, and by private letter, of their forgotten promises.

Auditors, like directors, are officers of a company and servants of the shareholders. But it is the directors' accounts that the auditors audit. Discussing this with an eminent member of your profession, he made what seemed an admirable suggestion, that auditors should work in conjunction with a small committee of proprietors, who as proprietors would be able to exercise incentive or correction upon directors, which auditors are not empowered to do, until, it sometimes happens, damage has been done. The obvious objection to this proposal that such a plan may be an unnecessary encumbrance upon sound directors of high integrity will not do.

There will always be black sheep, and it is the law of life that the majority shall be inconvenienced by the shortcomings of the few. Such a committee would need to be really representative, for you know that it is not impossible to appoint a tame and pre-arranged committee. But that takes us to the abuse of the proxy system, another problem, which in practice, though not in theory, runs counter to the principle of partnership in joint stock enterprise, but which there is no time to discuss to-night.

Let us go back to that hall mark of correctitude, as the man-in-the-street considers it—the auditor's certificate—a "clean" certificate, which is "clean" because the auditor has legally to accept somebody else's valuation, so long as he mentions whose. But the auditor is sometimes erroneously thought to be wrong if that valuation turns out wrong. Supposing the auditor has reason to question a value and certifies his certificates accordingly, expressing himself satisfied within his legal requirements with the balance sheet apart from that qualification. How are we to interpret that qualification—as meaning that the auditor is quite naturally safeguarding himself against something which it is not his job to value, and which may be valued quite fairly and honestly, or as a warning note meaning, "it is not for me to say, but I don't like the look of that stock figure"? One would urge regularity of practice here. If such a qualification becomes a general caution to safeguard the auditor, its value as a warning to shareholders may be apt to be lost. Here, it seems, more power to the auditor's elbow has been given by the new Companies Act which permits auditors, though it does not demand them, to attend annual meetings and make any explanation or statement that they wish. Not only to answer questions, but on their own initiative to "make any statement or explanation they desire." What a chance! And what a responsibility! Certainly one that merits high audit fees!

I know that counsel has advised that you should be chary of using this power, and that you should merely answer only questions put directly to you. But I venture to prophesy that joint stock administration will undergo such a change in the next few years that this practice will become untenable. "Is the auditor here?" is a phrase heard oftener at company meetings than it used to be.



Will my mythical man-in-the-street be so much to blame for saying all is well with the audited accounts of his company when, outside the legal restrictions and leash of the Companies Act, it also gives the auditor, on his own, the chance to make a voluntary statement?

These are the days of the bolder auditors' certificates that are bringing to light certain unpleasant features of company finance, which it was in the public interest should be brought to light. These are the days when auditors are saying in their certificates that, notwithstanding qualifications that they specifically mention, they state the obvious that they do not certify the accounts to be a true state of the company's affairs, according to the best of their information. To say a balance sheet is true, subject to a string of qualifications, is surely to quibble with words. May the accountancy profession, which has long since recognised itself as something more inquisitive, more powerful and socially of greater necessity than an organisation for checking arithmetic, seize hold of its chances as the proprietors' watchdog, and watch over its composite owners assembled together in company meeting each year.

The auditor's remarks at each annual meeting might well become as important a part of that function as the chairman's. Indeed, the company world may become so terrified that there may be a scarcity of chairmen—in the fear that, instead of the once-a-year visitation of the auditor, like the medical practitioner, to report upon the patient's pulse and blood pressure, they are to be subjected to the dictatorship of two bodies of professional financial Mussolinis in Chartered and Incorporated Accountants.

I am not so sure that if all these objects of reform were pursued to their logical end, we should need and certainly end with nationalisation of your profession—a sort of dictatorship from financial Mussolinis. Mr. Ernest Evan Spicer, I think it was, once went so far as to suggest that this was the inevitable end to which you are proceeding. It is easy to be discontented; sometimes it is not hard to suggest reform. But the world is not such a bad place after all. When you want to make out a case, it is as well to put the black patches on pretty heavily. That is what I have done to-night in order to congratulate you as being members of a profession which has great responsibilities, and will have still greater responsibilities, in moulding the industrial course of this country and assisting in the accumulation of savings and their confident flow to industry. The spirit that prompts one as standing somewhere in the series of connecting links between the ordinary investor and the accountancy profession, standing, so far as knowledge goes, nearer the simple investor than the realm of technicalities in which the accountant necessarily lives, is one like that of the person in a fog asking for light and more light.

That spirit is well revealed, though more accurately expressed, in something which I saw since this paper was prepared and something which has considerably emboldened me in my visit to-night. It was a far-seeing and understanding article, that must come to be of historic value, in last Saturday's *Accountant*. The leading article, entitled "The Public and the Profession," said this: "We now desire to remind our readers of certain very important considerations which the profession must never overlook. In our title this week we have placed the public first as an indication that we are now enlarging our view; and whereas, before, we have considered the duty which accountants owe to other people, we shall now treat of the expectations which other people entertain of the professional level which will be reached by individual Chartered Accountants. The atmosphere of the discussion

must be moral and ethical rather than purely legal. . . . *Recte numerare*, although still important, has consequently lost its exclusive application to Chartered Accountants; but the public which used to employ them as arithmeticians has cast for them another, and very distinctive, rôle. Of that rôle we now speak.

"If *Recte numerare* has to-day lost its mechanical connotation, that is because Chartered Accountants, as it seems to us, are looked to by the public as men skilled in the interpretation of the meaning which lies behind statements of figures. Their activities and responsibilities are to-day qualitative as well as quantitative. The public, in short, attaches a quality of rightness to statements with which the names of Chartered Accountants are associated, going far beyond the arithmetical correctness of figures which are certified. Out of this, we think, there arises a moral duty to the public which is quite different in its scope from any legal duty which may be held to exist.

" . . . His real and distinctive duty will be seen to commence, we think, just where the mechanical preparation of figures has been completed. The figures have to be sent out into the world impressed with a certain quality; that quality is conveyed to them as the hall-mark of their association with the name of a Chartered Accountant. The duty arising is very real and pressing, although it may escape legal definition. Many clients will acknowledge that it is this *imprimatur* for which their fees are really paid. Of the accuracy of their figures they have already convinced themselves; they pay accountants to convey that accuracy in uncontradictable terms to third parties. . . .

"To argue that the public should not take the signatures of Chartered Accountants as blank cheques is rather beside the point; it is for the profession to guard against the possible danger. . . . A high level of expectation has been created and the expectation must not be defeated."

So long as those are the sentiments which actuate the accountancy profession one feels that the growing responsibilities of the auditor are being placed upon shoulders that will honourably and ruthlessly carry them.

You will have noticed that the President of the Board of Trade, in replying to a Commons question, said that auditors are open to make in their report any observations which they think fit, and under the present Companies Act auditors are given the right to attend any general meeting at which accounts examined and reported upon by them are laid before the company and to make any explanation they desire in respect of the accounts.

You will say that all these new responsibilities, when they come, will warrant higher remuneration. With regard to that, I say good luck to you!

#### Discussion.

The CHAIRMAN: I am sure we have all been greatly interested in the remarks of Mr. Rea Price, in his desire to cleanse the Augean stable and provide a remedy for those investors who unfortunately put their money into companies that do not turn out successfully. I think, speaking generally, as long as there are clever and stupid people in the world, the stupid people will lose money and the clever ones will make it, whatever provision the law makes to protect the man who is not clever. Mr. Rea Price did not give us an exact definition of what is truth. I do not know that truth can be accurately defined. I believe it was Mr. Chadband who put the question, "What is *terewth*?" but I do not remember that he ever got a satisfactory answer. Mr. Rea Price said, "Should not the public know the whole truth as far as that is con-

veniently possible?" Well, I suppose they do as a matter of fact. He suggested that the Stock Exchange should act more as advisers and check the information contained in the prospectuses of companies for whose shares a "quotation" is given. When he said "quotation" I suppose he meant permission to deal, because a quotation is rather a different matter. But he was very anxious that nothing should be done, as far as I can understand, to affect the marketability, which he agreed was desirable. He rather suggested that the Stock Exchange should act more in the nature of checkers of the information, or auditors, or whatever word you like to use, so that any companies which had passed through the Stock Exchange Committee, and permission to deal in their shares had been obtained, would have some sort of hall mark of respectability and possibility of success. That is what the Committee have always refused to do, and I think rightly refused. As a matter of fact, many years ago a Royal Commission was appointed to inquire into the various practices of the Stock Exchange, and they particularly referred to that question. The Commission went so far as to admit that the Committee's investigations had in many cases been the means of detecting fraud, but they thought they went too far, because whilst it was the duty of the Committee to see that the security was fit to be dealt in, it was not its duty to give it the stamp of a desirable investment. That was the opinion of the Royal Commission, and it is the opinion of the Stock Exchange. The Stock Exchange thinks that it has neither the machinery nor the ability to make an investigation and say whether a company is a desirable one or not. All that they can be expected to do is to make the necessary inquiries to see that all the statutory provisions have been complied with, and that the company starts its business with the probability of being successful if the statements in the prospectus can be relied upon. There are many other points which one could usefully discuss, but I do not want to intervene too long because I feel sure there are many of you who would like to say something with regard to this most interesting lecture.

Mr. G. S. CHUTER: Am I right in assuming that this is a weakness in the Act? In the balance sheet of a holding company it seems that the auditor's certificate must quote any qualified auditor's certificate that appears on the subsidiary company's balance sheet; but if in the accounts of the subsidiary company there is something "fishy" and it is explained by the directors in the subsidiary company's balance sheet, then the auditor gives a straightforward certificate on the subsidiary company's balance sheet, and there follows a clear certificate on that of the holding company. Could the Lecturer tell me if that is so?

Mr. REA PRICE: I am no lawyer, or authority on Company Law, but I believe that that is actually so, and from records of accounts that one has seen, that has taken place. One would suggest that it is a flaw.

Mr. GEORGE: I think the meeting must have been very much impressed by the Lecturer's remarks regarding the undesirability of secret reserves. He indicated certain exceptions, such as banks, insurance companies, building societies, &c., which might be allowed to have secret reserves. They have to deal with a stable description of business, and they do not wish to unnecessarily alarm people. They therefore make regular provisions, increasing and improving their position, and then they have no need to fear when such a thing as a bad debt or mortgage failure occurs, which must be the case sometimes in spite of the best safeguards. Those undertakings might be excepted in future legislation, but for trading concerns it is highly undesirable that the public should be hoodwinked. In this connection it is impossible to make more than an indirect reference to an event which was disclosed within the last few weeks, as the Attorney-General is going to make a close inquiry into it in all its aspects, and the matter is likely to become *sub judice*. The subject should, however, be enlarged upon, because it comes home to us in any event. Sir Stephen Killik has been suggesting

that the Stock Exchange should be checkers or auditors when application is made for permission to deal. We all know the kind of statements that are made; sometimes we are told in effect that black is white. The qualifications of certificates are such as the "honest farmer" or the ordinary investor cannot possibly understand. We do not want to have such qualifications. Our duty is to say what is really true, and we should call a spade a spade. The case I have in mind was referred to in the *Economist* of the Saturday before last, and previously in the *Daily Telegraph*, and I trust that the Lecturer, holding the views which he has expressed, will give an opposite opinion after consideration of the facts. You have had the legal view that it is possible to face shareholders with statements that profits have been made whereas in fact losses have been made, but internal reserves have been used to cover up those losses. That is the legal position, but the *Economist* went very much further than that, and I think the *Daily Telegraph* also. They said that when Mr. Graham White made certain remarks about such circumstances involving fraud, that was quite wrong. I think that is a very big inference. If the remark had been made that only what was legal had been done there could be no exception taken to it, but to say that to do what was legal can under no circumstances be fraudulent is a great extravagance. In this particular connection I would suggest that it is the use made of opportunities that causes fraud. If balance sheets were issued showing profits for several successive years whereas in reality there were losses, and in those years a great deal of credit was obtained, then it is not a pure case of obtaining credit by false pretences, which is a misdemeanour just as much as obtaining money by false pretences? I think it was quite wrong for the *Economist* to make the remark it did. Then there is another point to bear in mind. The Lecturer has been referring a good deal to the small investor and to investors generally, but he did not speak of a third party—the creditors—persons who have not invested money in the concern, but from whom loans have been obtained. An important decision, or rather some important dicta can be found in the case of the *Spanish Prospecting Company, Limited*. I am not quoting the *ipsissima verba* in this case, but it was indicated that all those fine distinctions which brought into prominence the difference between fixed and circulating capital and so on, profits existing under certain circumstances and not under others—all those fine distinctions go absolutely by the board. When you are dealing with creditors, who are third parties, you must have an increase of assets. If by simply having produced balance sheets which contain the opposite of the truth you have obtained credit and then bought properties at inflated prices, you cannot come along and say to the creditors, "You have nothing to complain of, for I had two pockets, one a secret pocket and the other an open pocket, and I am allowed to take from the one and put it into the other." That is no good at all as laid down in the *Spanish Prospecting Company* case. If you buy properties and incur debts, you have absolutely no protection arising from your secret reserves.

Mr. REA PRICE: I am sorry that time will not permit me to deal with the remarks of the last speaker, but with regard to Sir Stephen Killik's point—what is the function of the Stock Exchange?—he has rightly said that it is not to be a checker of information. We do not want it to be. We do not want it to give a hall mark to every share dealt in on the Stock Exchange to show that it is necessarily a desirable investment. All one wants is that the Stock Exchange should let it be known precisely on what conditions it gives facilities for the marketability of a share. The Stock Exchange has already assumed for itself the function of checking certain issues, and one might ask whether the Stock Exchange has not recognised the principle that it has social obligations. I think that is all I have to say.

On the motion of Mr. COLESWORTHY, seconded by Mr. F. R. WITTY, Mr. Rea Price was accorded a hearty vote of thanks for his lecture, and the usual vote of thanks to the Chairman was passed.



## Society of Incorporated Accountants and Auditors.

South African (Western) Branch, Cape Town.

### ANNUAL GENERAL MEETING.

The fifth annual general meeting of this Branch was held at Cape Town on May 20th. The chair was occupied by Sir Harry Hands, K.B.E., who was supported by Mr. P. L. Close, Mr. A. N. Foot and Mr. P. Salisbury (members of the Committee), Mr. H. A. Aaronowitch, Mr. H. B. George, Mr. K. C. M. Hands, Mr. H. Hyslop, Mr. J. MacKelvie, Mr. D. H. Pulker, Mr. M. Richmond, Mr. A. C. Sargeant, and Mr. C. D. Gibson (Hon. Secretary).

The Chairman intimated that apologies for absence had been received from Mr. W. B. Gurney and Mr. J. Douglas.

The notice convening the meeting and the minutes of the last annual general meeting having been read, the Chairman moved the adoption of the report and accounts and delivered the following address:—

#### Chairman's Speech.

In moving the adoption of the accounts, I would like very briefly to refer to one or two matters.

First of all, I think we may congratulate ourselves on the very satisfactory financial position as disclosed in the accounts. There is a surplus of £144 17s. 10d. on the year's working, and we had invested at December 31st last the sum of £313. Now that the financial position has been satisfactorily established, it will be for the Committee to consider what further can be done to advance the Society's interests and the well-being of our members, and especially our student members. One thing that occurs to me is the furtherance of a Students' Association.

We have, as you know, on one or two occasions made ineffectual attempts to get a students' association formed. Now, however, that the membership is growing rapidly, the matter ought to be tackled seriously. Mr. Gibson has, I know, some scheme in mind, and when this comes before the Committee it is certain to receive favourable consideration. That something more requires to be done for students than the coaching and training they receive at present is evidenced by the examination results. In May, 1930, at the Final examination, 7 candidates sat, 1 passed, and 6 failed; at the Intermediate examination, 14 candidates sat, 7 passed and 7 failed. At the November, 1930, examinations, in the Final 17 candidates sat, 9 passed and 8 failed; and in the Intermediate examination 14 candidates sat, 6 passed and 8 failed. Summarising, in the Final examination 24 candidates sat in 1930 and 10 passed, and in the Intermediate examination 28 candidates sat and 13 passed.

I find on comparison with the Transvaal that in the Final 24 candidates sat and 16 passed, and in the Intermediate 26 sat and 16 passed, showing a greater measure of success in the Transvaal. This superiority, so to speak, of Transvaal candidates is difficult to understand. Our candidates are required to have passed the matriculation or some equivalent examination before they can be articleed, and this ought to ensure for them a cultural standard at least as high as that of candidates in the Transvaal, where matriculation is not insisted upon, but where the Preliminary examination may be

taken. Is it indifferent coaching, training, lack of application, or what else, which leads to such unsatisfactory examination results? The facilities offered at the University and Technical College here for classes ought to be equal to any in the Transvaal. This matter is a very disturbing one, and requires the careful consideration of the Committee.

In connection with examinations, I may mention that the Northern Committee has suggested to London that papers dealing with South African law should be set in South Africa, instead of the law papers being moderated here. We are heartily in accord with the suggestion, and believe the Eastern Branch will also support the proposal, which has many advantages. I might here mention another matter which has some indirect reference to examinations.

All three of our Branches have combined to recommend to London that clerks articleed to members of the South African societies be allowed, after passing the Intermediate and Final examinations of the S.A. General Examining Board, and upon completing six years' service, to sit for a special Final examination in accountancy subjects, the passing of which would qualify them for admission to our Society. This suggestion is intended chiefly as a friendly gesture to the South African societies of Chartered Accountants.

During the year 1930, there were twenty articles registered with members of this Branch. The admissions to membership show a decided increase upon the previous year. There were admitted as Associates Mr. J. Hoffman, Mr. H. A. Aaronowitch, Mr. R. G. Betty, Mr. F. J. J. Cresswell, Mr. J. Dickman, Mr. M. Glickman, Mr. B. Suritz, and Mr. V. O. W. F. Wagener. In addition there was raised from Associateship to Fellowship Mr. K. C. M. Hands.

#### BENEVOLENT FUND

Owing to the improved financial position, the Committee has this year decided to contribute twenty guineas to the Benevolent Fund. I feel sure this will have your approval, and I would again commend this fund as being very worthy of your personal support.

#### THE HON. SECRETARY.

The improved financial position has also enabled the Committee to show in some small measure their appreciation of all Mr. Gibson has done and is doing for the Society, by an increased grant for office expenses. Mr. Gibson's work is not done for mercenary reasons. His zeal and unremitting care for the Society's interests are an inherited tradition. The work has increased tremendously of late, and takes up a very great amount of his time. We are under a great obligation to him.

I wish to tender him my thanks for his ever-ready courtesy to me, and also to thank my colleagues for all the help they have given me during the past and preceding years.

Mr. P. L. Close seconded the motion for the adoption of the report and the accounts, which, having been put from the chair, was carried unanimously.

#### COMMITTEE AND AUDITOR.

Mr. H. Hyslop proposed, and Mr. K. C. M. Hands seconded, the re-election of Mr. H. J. Notcutt as auditor for the current year. The motion was carried.

The Chairman announced that Mr. A. N. Foot and Mr. W. B. Gurney were eligible for re-election to the Committee, and that a nomination had been received in

respect of Mr. H. B. George. He declared these three members to be duly elected for a period of three years.

#### MR. PHILIP SALISBURY.

The Chairman moved a very hearty vote of thanks to Mr. Philip Salisbury for his long period of service on the Committee, from which he now retired. Mr. A. N. Foot seconded and endorsed the Chairman's remarks. The motion was put to the meeting and carried with acclamation.

## BUILDING SOCIETIES REPORT.

The following are extracts from the Report of the Chief Registrar of Friendly Societies for the year 1930 :—

#### ANNUAL STATEMENTS.

Reference was made in the Reports for 1928 and 1929 to the new form of annual account and statement which came into force in July, 1928. In practice it was found that very little difficulty was experienced by societies in making their annual statements in the new form. Some minor alterations, however, appeared desirable. After consultation with the National Association of Building Societies these were effected and the revised form was approved by the Secretary of State and laid before both Houses of Parliament as required by the Building Societies Act, 1894.

One of the amendments was designed to ensure disclosure of any losses incurred by societies. Some societies have shown no losses as written off or charged against reserves over a long period of years, and it follows that where losses have been incurred they must have been met out of secret reserves or by adjustments of accruing revenue. Neither of these methods of treating losses in the accounts is permissible in the prescribed form of annual account and statement, and where these methods have been adopted societies will be called upon to correct their accounts.

#### AUDITS BY QUALIFIED ACCOUNTANTS.

An abstract of the audit certificates of the annual statements furnished for the year 1929 was made with a view to ascertaining to what extent the audits of building societies were conducted by qualified accountants. The abstract revealed that 82 per cent. of the audits were conducted by Chartered or Incorporated Accountants, 7 per cent. by auditors possessing some other accountancy qualification, and 11 per cent. by other persons with no qualifications.

#### AUDITORS' SPECIAL REPORTS.

Apart from special reports made in connection with defalcations only a few special reports were received and these dealt mainly with matters which do not call for special comment.

Special reports made on the accounts of the Havant, Emsworth, Hayling Island and District Mutual Building Society, and also the Gillingham (Kent) Investment and Permanent Building Society, drew attention to the arrears of repayments on mortgages. As a result the Registrar discovered that particulars of certain mortgages had not been included in Part III of the Schedule, although repayments were sufficiently in arrear to call for their inclusion. The omission was rectified.

In the case of the Cambridge Foresters' Benefit Building Society, the auditors reported upon the inadequacy of the Society's existing system of book-keeping, and in

consequence a more modern system of accounts was introduced.

On an investigation into a defalcation, the auditors of the Duke Street Benefit Building Society reported that the original or "rough" cash book contained entries relating to a moneylending business. The Registrar, after inquiries, found that the moneys of the building society were being used improperly to finance a loan business. The attention of the directors was called to the matter and arrangements were made for a refund to the building society of any amounts owing to it by the loan business. In respect of one loan of £103 14s. 5d., however, the position could not be rectified pending the result of an action in the High Court in which the borrower's affairs were involved.

#### MISCELLANEOUS.

The following items of interest were observed during the examination of the annual statements :—

(1) The Bury St. Edmunds Permanent Benefit Building Society brought into Part III of the Schedule a mortgage where the repayments were 57 months in arrear. The Registrar asked why the mortgage had not been shown in the previous statement and found that the society had wrongly assumed that particulars were not required to be shown in Part III of the Schedule until possession of a property was taken.

Part III of the Schedule, however, clearly calls for particulars of all mortgages where the repayments are twelve months in arrear *except* those where the property has been twelve months in the possession of the society, in which event particulars of the property are required to be shown in Part II.

(2) No shareholders or amounts due to shareholders were shown in the annual statement of the Central Glamorgan Permanent Provident Building Society. In this case the Registrar found that the shareholders had been treated as depositors, apparently on the ground that the shares were under notice of withdrawal. The annual statement was amended to show the correct position.

(3) A sum of £4,869 16s. was transferred from shares to deposits by the Winsford Permanent Benefit Building Society, whose rules prohibited the receipt of deposits. On inquiry the Registrar found that the transfer item represented paid-up shares and the annual statement was amended accordingly.

(4) A note on the printed statement of accounts issued by the Folkestone, Hythe, and Sandgate Permanent Benefit Building Society stated that temporary loans could be advanced on shares. As a building society has no power to make such loans inquiries were made and it was ascertained that the intention was merely to allow partial withdrawal of shares. The society promised to amend the note accordingly.

(5) The Pembrokeshire Permanent Benefit Building Society had adopted the practice of bringing into account arrears of subscriptions on shares. When the arrears were received they were again credited to shareholders' accounts and, in order to make the society's accounts balance, were debited to the profit and loss account, with the result that the amount due to shareholders was inflated in the balance sheet and the balance of unappropriated profit correspondingly reduced. After considerable correspondence the matter was rectified. The amount involved was £151 18s. 8d.

(6) During the year two cases were dealt with in which interest was credited to share accounts in excess of profits



earned. The societies concerned, the Alston Permanent Benefit Building Society and the Always Ready Permanent Building Society, had been in existence for a short time only, and the practice in both instances had been adopted during the period of development. As the amounts involved were small and the societies stated that a similar position would not arise in future the Registrar decided to take no further action.

(7) The secretary of an unincorporated building society, the Birmingham and Midland Counties Benefit Building Society, informed the Registrar that the society possessed office premises valued at £2,500 which were not shown as an asset in the balance sheet of its annual statement, and that the society had many years previously created a secret reserve which had amounted to £10,000 by writing down the balance owing on mortgage securities. At the Registrar's request the value of the premises and the reserve were disclosed in the society's next annual statement.

(8) The annual statement of the Coventry Permanent Economic Building Society showed a sum of £14,200 as freehold premises other than those used by the society as offices. The Registrar pointed out that the society had no power to hold the property as an investment and was informed that premises valued at £13,000 had been originally purchased for use as offices but had been found inconvenient. Efforts had since been made to dispose of them, but had not yet been successful.

### STAMP DUTY EXEMPTION IN LIQUIDATIONS.

The Companies Act, 1929, sect. 281 (sub-sect. 1 (b)) states:—

"In the case of a Winding Up by the Court of a company registered in England, or of a Creditors' Voluntary Winding Up of such a company, every Power of Attorney, Proxy Paper, Writ, Order, Certificate, Affidavit, Bond or other instrument or writing relating solely to the Property of any company which has been so wound up, or to any proceedings under such Winding Up, shall be exempt from duties chargeable under the enactments relating to Stamp Duties."

This section has been held to govern cheques drawn on a liquidator's banking account in the case of a company being wound up as above, so as to exempt cheques from stamp duties.

"Alpe on Stamp Duties" (which work is recognised as the leading authority on the law of stamp duties) states:—

"The Exemption is considered in administration to extend to receipts given by the Trustee, receipts given by Creditors for dividends, receipts for costs payable for work done for a Trustee, and *Cheques drawn on a Banking Account kept solely for the purpose of the bankruptcy estate*. This exemption is now extended in the case of companies wound up by Order of Court or of a Creditors' Voluntary Winding Up, sect. 281, Companies Act, 1929."

It should be particularly noticed that this section does not apply to a member's voluntary winding up.

## Society of Incorporated Accountants and Auditors.

### MEMBERSHIP.

The following additions to, and promotions in, the Membership of the Society have been completed since our last issue:—

#### ASSOCIATE TO FELLOW.

BICKER, HEDLEY JOHN (Edward Bicker & Son), Exchange Buildings, Upper Hinton Road, Bournemouth, Practising Accountant.

#### ASSOCIATES.

ALEXANDER, EDGAR ALFRED, Clerk to Hands & Shore, 106-108, St. George's Street, Cape Town, South Africa.

BRIGHT, FREDERICK WILLIAM JAMES, Clerk to Bernard T. S. Bagnall, 43, Chancery Lane, London, W.C.2.

COUSIN, ANDREW, Clerk to Wm. H. Jack & Co., 38, Bath Street, Glasgow, C.2.

EDWARDS, HOWELL DAVID, Clerk to Alban & Lamb, Central Chambers, Newport (Mon.).

PERRYMAN, FRANK SMYTH, formerly Clerk to R. Tyson Hodgson, 96, High Street, Stockton-on-Tees.

RICHMOND, MICHAEL, Clerk to Gibson, Whiteley & Co., Namaqua House, Greenmarket Square, Cape Town, South Africa.

STEPHENS, KENNETH VINSON, Clerk to Clarke, Dovey and Co., 31, Queen Street, Cardiff.

WOOD, WALTER WILLIAM, Clerk to Howard Morris and Crocker, 102, Victoria Road North, Portsmouth.

### QUESTIONS IN PARLIAMENT.

#### INCOME TAX AND ESTATE DUTY.

(June 23rd.)

Mr. ALBERY asked the Chancellor of the Exchequer whether he will issue instructions that notices containing threats should not be sent out to Income Tax payers in cases where reasonable time has not been allowed for preparing accounts?

Mr. PETHICK-LAWRENCE: If the hon. Member has in mind a particular case in which he thinks that there is ground for complaint, and will send me particulars, I will have inquiry made.

Mr. ALBERY: Is the Financial Secretary not aware that taxpayers are being threatened with assessments, without any claims for exemption, unless they provide accounts in circumstances with which it is not possible to comply?

Mr. PETHICK-LAWRENCE: I am not aware of that fact, but if the hon. Member will furnish me with particulars of cases, I will have inquiries made.

Mr. MANDER asked the Chancellor of the Exchequer to what extent it has been the practice in the past for the Inland Revenue to accept stocks and shares in settlement of Income Tax and Estate Duties owing, and the total amount of the sums so dealt with since 1920?

Mr. PETHICK-LAWRENCE: Where the circumstances make such a course unavoidable the Commissioners of Inland Revenue accept stocks or shares in settlement of Income Tax liabilities, e.g., in cases where the income chargeable to tax has been paid in stocks or shares or where shares which are not presently realisable are the only assets available to meet a liability to tax. As regards Estate Duty, the Commissioners do not accept stocks or shares except certain Government stocks which by their terms of issue are required to be accepted in certain circumstances. The nominal value of shares so accepted since 1920 in respect of Income Tax is approximately £635,000.

# The Society of Incorporated Accountants and Auditors.

## RESULTS OF EXAMINATIONS, MAY, 1931.

### Passed in Final.

#### Order of Merit.

- SMITH, JACK ASHWORTH, Clerk to Parkinson, Mather & Co., 5, Clarence Street, Albert Square, Manchester. (*First Certificate of Merit and First Prize.*)
- JOHNSON, THOMAS REGINALD, City Treasurer's Department, The Council House, Birmingham. (*Second Certificate of Merit and Second Prize.*)
- SATTERTHWAITE, ERIC, Clerk to John H. Hort, 202, Stanley Road, Bootle. (*Third Certificate of Merit and Third Prize.*)
- HARRIS, EDWIN HENRY, Clerk to Mann, Judd, Gordon & Co., 142, St. Vincent Street, Glasgow. (*Fourth Certificate of Merit.*)
- RUSSELL, JOHN CHARLES, Clerk to Collins, Tootell & Co., 11, Queen Victoria Street, London, E.C.4. (*Fifth Certificate of Merit.*)
- PEARSON, GEORGE BARNES, Clerk to Charles G. Clark, 64, Basinghall Street, London, E.C.2. (*Sixth Certificate of Merit.*)
- CROSS, MALCOLM FREDERICK, Clerk to James Thomson, The Crescent, 115, Drake Street, Rochdale, Lancs. (*Seventh Certificate of Merit.*)
- SOMERVILLE, CHARLES EDWARD BRANSCOMBE, B.Com., Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2. (*Eighth Certificate of Merit.*)

#### Alphabetical Order.

- ABBOTT, WILLIAM LESLIE, Clerk to Tyler & Wheatcroft, Central House, 75, New Street, Birmingham.
- ALBAN, VIVIAN FREDERICK, Clerk to F. J. Alban (Alban & Lamb), Central Chambers, Newport, Mon.
- ALLEN, EDGAR OSWALD, Clerk to Sidney L. Tunstall (T. & J. L. Tunstall & Co.), Bewsey Chambers, Warrington.
- ANTHONY, LESLIE MILLS, Clerk to Brinley Bowen & Mills, 22, Wind Street, Swansea.
- ASPIN, ANEURIN THOMAS, Clerk to R. Duncan French & Co., 14, North John Street, Liverpool.
- ASTLEY, FRANK ASFINALL, Clerk to Milford & Co., 3, Richmond Terrace, Blackburn.
- BARCLAY, ARCHIBALD GOOLD GRAHAM, Town Chamberlain's Office, Coatbridge.
- BATEY, ROBERT LANCELOT, Clerk to E. J. Williams (E. J. Williams & Co.), 14, Lowther Street, Carlisle.
- BAXENDALE, ARTHUR, Treasurer's Office, Town Hall, Manchester.
- BEARDSSELL, KENNETH, Clerk to Alton Ward (W. Arthur Turner & Co.), 21, Bridge Street, Bradford.
- BEAUMONT, FRANK CECIL, Clerk to Harry Davey, 1, Crown Court, Wakefield.
- BELL, HAROLD EDWARD, Clerk to Watkinson Roberts & Co., 10, Essex Street, Strand, London, W.C.2.
- BENGE, GEORGE ERNEST, Clerk to Sissons, Bersey, Gain, Vincent & Co., 53, New Broad Street, London, E.C.2.
- BERRINGER, FERDINAND WILLIAM, Clerk to Futeher, Head, Ernest Smith & Co., 110, Cannon Street, London, E.C.4.
- BINNS, NORMAN JAMES, Clerk to Joseph Miller & Co., Gibb Chambers, Westgate Road, Newcastle-on-Tyne.

- BIRCHENOUGH, ALLAN (George H. & R. Highcock), 3, Rumford Place, Liverpool, Practising Accountant.
- BLACK, MARY DORIS, Clerk to W. C. Black, St. Thomas's Chambers, 147, High Street, Newport, I.O.W.
- BLACKHALL, ALEXANDER, Clerk to Alex. Davidson, Arbuthnot House, Peterhead.
- BOATWRIGHT, WILLIAM, Clerk to Larking & Larking, Orford Place, Norwich.
- BOOTH, WILLIAM ROBERT, Clerk to Edmund D. White & Sons, London and Lancashire Chambers, 45A, Dale Street, Liverpool.
- BRADFORD, HARRY ALBERT, H.M. Assistant Inspector of Taxes, 845-7, High Road, Leytonstone, London, E.11.
- BRIERLEY, FREDERICK WILLIAM, Clerk to Thos. Broadley, 30, Bridlesmith Gate, Nottingham.
- BRIGGS, HENRY, Clerk to Hindle & Jepson, 18, Railway Road, Darwen.
- BRITZ, MAX, Clerk to E. Leslie Molyneux (J. Wallace Williams & Co.), 5, St. Andrews Crescent, Cardiff.
- BULLOUS, DONALD EDWIN, Clerk to J. W. Best & Co., St. Peter's Close, Sheffield.
- BURDITT, LEONARD BERTRAM, Clerk to Freeman, Bream & Co., 1, Wycliffe Street, Leicester.
- BURNET, RONALD DUNCAN, Clerk to J. Cyril Page & Co., May Buildings, 51, North John Street, Liverpool.
- CARTER, HARRY WILLIAM, Clerk to Peat, Marwick, Mitchell & Co., Williams Deacon's Bank Chambers, Church Street, Sheffield.
- CASBOURN, FREDERICK HENRY CHARLES, Clerk to White & Pawley, 6, Sussex Terrace, Princess Square, Plymouth.
- CASHMORE, CHARLES VAUGHAN, District Audit Department, Ministry of Health, Whitehall, London, S.W.1.
- CHAKRAVARTY, NARES CHANDRA, M.A., Clerk to F. W. Harris (Fredk. W. Harris & Co.), 28, New Bridge Street, London, E.C.4.
- CHAPPELL, FRANK, Clerk to F. W. T. Mills, Crown Court, Wood Street, Wakefield.
- CHATHA, GURPAL SINGH, Clerk to E. G. Bourne & Co., 6, Holborn Viaduct, London, E.C.1.
- CHESWORTH, WALTER HENRY, Clerk to J. N. Struthers (Beever & Struthers), 6, Princess Street, Manchester.
- CHILVERS, EDWARD HENRY, Clerk to William Smith & Co., 56, London Road North, Lowestoft.
- CHUBB, JAMES LEWIS, Clerk to Cedric H. Bennett, High Holborn House, High Holborn, London, W.C.1.
- CHUBB, ROBERT GLOYN, Clerk to Rabbidge, Sons & Hillyer, 3-4, Clements Inn, Strand, London, W.C.2.
- CLARK, FREDERICK WILLIAM, Clerk to Auker, Horsfield & Co., Clough's Buildings, 21, Forster Square, Bradford.
- COATES, HAROLD, Clerk to J. Herbert Haley, 29, Tyrral Street, Bradford.
- COLLINS, BERKELEY EDMUND, Clerk to Davidson & Verity, West Bar Chambers, 38, Boar Lane, Leeds.
- COLMAN, SIDNEY HERBERT, 9, King's Close, Hendon, London, N.W.4, Practising Accountant.
- COX, FREDERICK GEORGE, Clerk to Clench, Hewitt & Co., Hastings House, 10, Norfolk Street, Strand, London, W.C.2.
- CRABB, ALFRED STEWART, Clerk to W. D. Beaton (Beaton, Hewson & Co.), 127-130, Moorgate Station Chambers, Moorfields, London, E.C.2.
- CRANE, MAURICE LESLIE, Clerk to Thomas E. Clarke, Castle Gate Chambers, 34, Castle Gate, Nottingham.
- CURRY, DENNIS STEPHEN, Clerk to Dubois & Co., 43, Museum Street, London, W.C.1.



## FINAL—(Continued.)

- DAVIES, WILLIAM EDWARD, Assistant District Auditor, Ministry of Health, Whitehall, London, S.W.1.
- DAYAN, LESLIE, Clerk to Charles L. Barfoot & Co., Westgate Chambers, Newport, Mon.
- DEAVIN, STANLEY GWYNNE, Clerk to Goldie, Campbell & Robins, Bank Chambers, Lowgate, Hull.
- DODSWORTH, HAROLD, Clerk to Peat, Marwick, Mitchell & Co., Guildhall, Newcastle-on-Tyne.
- DOLBY, ERNEST, Clerk to Edward Clough, Masonic Buildings, Cooke Street, Keighley.
- DRINKWATER, SAMUEL ROBERT (T. B. Scattergood & Co.), 125, Edmund Street, Birmingham, Practising Accountant.
- EASON, BERNARD NEWBY, Clerk to Hutchins & Plowman, 11, Pancras Lane, Queen Street, London, E.C.4.
- ELLIOTT, THOMAS ALAN, Clerk to T. R. G. Rowland (W. T. Walton, Son & Rowland), Victoria Buildings, Stockton-on-Tees.
- ELVERSON, ERNEST ARTHUR, Clerk to J. W. Carter, 51, Albion Street, Leeds.
- ELY, HAROLD ARTHUR, Clerk to Harper Smiths, Hayhow & Co., Purdy Court, High Street, King's Lynn.
- EMMS, HERBERT CHARLES, Clerk to Harman & Gowen, 7, Queen Street, Norwich.
- ENDACOTT, HERBERT JOHN, Clerk to George E. Cooke, 287, Broad Street, Pendleton, Manchester.
- FARRELL, WILLIAM, Clerk to J. & R. Morison & Co., 4, Blackfriars Street, Perth.
- FEAR, FRANK ERLE, Clerk to Ernest R. Bradley (Bradley & Slater), 584, Christchurch Road, Boscombe, Bournemouth.
- FLOWER, GEORGE, Clerk to Evans Smith, Boothroyd & Co., 79, Mark Lane, London, E.C.3.
- FORSTER, THOMAS CYRIL, Clerk to Godfrey Craven (Forster & Craven), 42, Deansgate, Manchester.
- FRYER, RALPH KENNETH, Clerk to Mitchell & Plummer, Guildford Chambers, Cheapside, Luton.
- GAME, WILLIAM HENRY, Clerk to Mayhew & Lawley, 62, Oxford Street, London, W.1.
- GIBSON, STANLEY, Accountant, Bingley Urban District Council, Town Hall, Bingley.
- GLASS, DONALD NIVEN, Clerk to Brown, Fleming & Murray, 4B, Frederick's Place, Old Jewry, London E.C.2.
- GLEAVE, HERBERT VIVIAN, Clerk to Peat, Marwick, Mitchell & Co., 2, Park Place, Leeds.
- GLINDENNING, RAYMOND CARL, B.Com., Clerk to R. Wilson Bartlett (Walter Hunter, Bartlett, Thomas & Co.), 24, Bridge Street, Newport, Mon.
- GRAVES, ARNOLD, Clerk to W. Foulston (Walter Foulston & Co.), St. James's Chambers, 38, Church Street, Sheffield.
- GREEN, THOMAS FREDERICK, Clerk to Ashworth, Mosley & Co., Lombard Chambers, 46, Brown Street, Manchester.
- GRUGEON, BRYAN, Clerk to Alfred Wright & Co., 6, Duke Street, St. James', London, S.W.1.
- HAMILTON, JOHN STEWART, City Chamberlain's Office, 285, George Street, Glasgow.
- HARRIS, JOHN, Clerk to A. E. Sherrey, Garland & Co., 148, Edmund Street, Birmingham.
- HARROLD, WILLIAM JOHN, Clerk to John E. Mitchell & Co., Imperial Buildings, Victoria Street, Nottingham (formerly Articled Clerk to W. Oldfield, Leicester).
- HARTLEY, GEORGE, Clerk to Thomas Coombs & Son, Oxford Chambers, Victoria Square, Leeds.
- HARTLEY, TOM STEPHENSON, Clerk to Samuel Procter, County Bank Chambers, 41, Burnley Road, Padiham, near Burnley, Lancs.
- HAWKINS, HUGH FREDERICK, Clerk to T. A. Crinkley (Crinkley & Co.), 49, Queen Victoria Street, London, E.C.4.
- HAWLEY, GORDON, 72, Woodberry Avenue, Winchmore Hill, London, N.21 (Articled Clerk).
- HAYES, STANLEY RATHBONE, Clerk to Percy R. Hayes, Midland Bank Chambers, High Street, Wrexham.
- HEALD, DONALD, Clerk to John King & Son, Bank Chambers, Wallgate, Wigan.
- HERRING, VINCENT ANDERSON, Clerk to W. Nicklin & Co., 90, Deansgate, Manchester.
- HILL, DAVID BRETNALL, Clerk to Barnett & Turner, West Gate, Mansfield.
- HILL, FREDERICK GEORGE, Clerk to C. C. Akers (Win. Fortune & Son), Collingwood House, Church Square, West Hartlepool.
- HINER, JAMES SAMUEL, Clerk to Martin, Farlow & Co., 34-36, Gresham Street, London, E.C.2.
- HINTON, GEORGE WILLIAM, Clerk to M. O. Beale & Co., 9-10, Railway Approach, London Bridge, London, S.E.1.
- HOLLIDAY, WILFRED BARTON, Clerk to Fredk. & C. S. Holliday, Pearl Chambers, East Parade, Leeds.
- HOPKIN, HAROLD CHATTERTON, Clerk to Percy H. Walker & Co., 4, Park Place, Cardiff.
- HOWELL, WALTER STANLEY, Clerk to J. Hulbert Grove (J. Hulbert Grove & Co.), 133-135, Oxford Street, London, W.1.
- HULME, NORMAN ALBERT, Clerk to Jas. A. Hulme & Co., 88, Mosley Street, Manchester.
- HUTCHESON, JAMES BLAIR, City Chamberlain's Office, 285, George Street, Glasgow.
- INGLEBY, LOUIS, 49, Deansgate, Manchester, Practising Accountant.
- IREDALE, LIONEL EDGAR, Clerk to Herbert J. Rigg (J. Jackson Saint & Co.), 22, Lowther Street, Carlisle.
- JONES, BRYNMOR, Clerk to Tudor Davies, Wyndham House, Bridgend, Glam.
- JONES, FREDERICK, Clerk to Edwin Collier & Co., Parr's Bank Buildings, 3, York Street, Manchester.
- KAR, SUBODH KRISHNA, B.Sc., Clerk to G. Basu & Co., Salisbury House, 3/1, Bankshall Street, Calcutta, India.
- KELLY, EDWARD MICHAEL, Clerk to Pridie, Brewster & Gold, 133, Moorgate, London, E.C.2.
- KENNEDY, CYRIL NOBLE, Clerk to Clarkson & Barwick, 40, South Street, Cockerham, Cumberland.
- KENT, WILLIAM HEDLEY, Clerk to Reddall, Osborne & Co., 1, Guildhall Chambers, Basinghall Street, London, E.C.2.
- LAMB, GEORGE EDMUND, Clerk to Starkie & Naylor, 6, South Parade, Leeds.
- LAMBERT, HORACE CECIL, Clerk to H. Slater & Son, 5, St. Andrew's Street, Cambridge.
- LANGE, STELLA GRACE, Clerk to Miss M. M. Homersham (Homersham & Co.), 106, St. Clement's House, Clement's Lane, Lombard Street, London, E.C.4.
- LAURENCE, LEONARD GEORGE, 15, Woodberry Way, Chingford, London, E.4 (formerly Clerk to Woodman, Cox & Wilkins, London).
- LEACH, HAROLD FREDERIC, Clerk to F. P. Leach, Tontine Buildings, Colston Avenue, Bristol.
- LEE, JOHN CHARLES EDWARD, Clerk to A. H. Brewer (Mundy, Brewer & Johnson) 3, Wood Street, Queen Square, Bath.

## FINAL—(Continued.)

- LEWIS, CECIL JAMES, Clerk to Howard, Howes & Co., Norfolk House, Norfolk Street, London, W.C.2.
- LINDLEY, ROY MACKENZIE, Borough Treasurer's Department, Town Hall, Wigan.
- LIVESEY, ROBERT CLIFFORD, Clerk to Edmund D. White & Sons, London and Lancashire Chambers, 45A, Dale Street, Liverpool.
- LOFTHOUSE, WILLIS JOHN, H.M. Inspector of Taxes, Middlesbrough 2nd District, Post Office Buildings, Middlesbrough.
- LOMAX, WILFRID MORTON, Clerk to Lomax, Clements, Gladstone & Co., Greenwich House, 10-13, Newgate Street, London, E.C.1.
- LONGWORTH, EDWARD, Clerk to Alfred Burgess & Co., 4, Chapel Walks, Manchester.
- MCARTHUR, WILLIAM BRASH, City Chamberlain's Office, 285, George Street, Glasgow.
- MCLEMON, EDWARD CHARLES, formerly Clerk to Houston, Roberts & Co., 140, West George Street, Glasgow.
- MALLINSON, JOSEPH HARRISON, Clerk to W. S. Cunliffe & Co., 40, King Street, Manchester.
- MANGHIRMALANI, SHAMDAS UDHARAM, B.A., Clerk to Dalal & Shah, 70, Meadows Street, Fort, Bombay.
- MARTINI, HESFER, Borough Accountant's Department, Town Hall, High Street, Wandsworth, London, S.W. 18.
- MILES, COLIN VIVIAN, Clerk to A. F. Kimpton (Kimpton, Holland & Co.), Tredegar Chambers, Bridge Street, Newport, Mon.
- MINSHALL, CLEMENT LEA, Clerk to J. H. Ward (Ward, Clarke & Co.), 130, Lord Street, Southport.
- MOORE, WILFRID FRANCIS, Clerk to W. H. Priestley, Borough Accountant, Municipal Offices, Twickenham.
- MOREWOOD, JOHN BANKS, Clerk to Paul, Dowd & Co., 43, Castle Street, Liverpool.
- MORRIS, EDGLEY, Clerk to Vaughan & Gregg, Lloyds Bank Buildings, King Street, Manchester.
- MOSS, SIDNEY GEORGE, Clerk to Evans, Peirson & Co., Portland House, 73, Basinghall Street, London, E.C.2.
- MOSS, WILLIAM HENRY, Clerk to J. W. Wilkinson & Co., 27, Scot Lane, Doncaster.
- NICHOLLS, ARTHUR CHARLES, Clerk to Keens, Shay, Keens & Co., 11, George Street West, Luton, Beds.
- PARTRIDGE, ERNEST REGINALD, Clerk to Holroyd, Northcott & Co., 6, Great Winchester Street, Old Broad Street, London, E.C.2.
- PEACOCK, GEORGE ALAN, Clerk to G. A. Marriott (Geo. A. Marriott, Rogerson & Co.), 15, Mosley Street, Manchester.
- PEARS, GEORGE WILLIAM, Clerk to Holah, Hughes & Co., 112-113, Mansion House Chambers, 13, Sise Lane, Queen Victoria Street, London, E.C.4.
- PELLING, CLIFFORD HORACE, County Accountant's Department, East Sussex County Council, County Hall, Lewes.
- PERKINS, WILLIAM HAYDN, Deputy Accountant, Town Hall, Weston-super-Mare.
- PICKERING, ARTHUR DIGBY, Clerk to J. Butler (Brown, Butler & Co.), 66, Albion Street, Leeds.
- PINHORN, STANLEY CLEMENCE FLETCHER, Clerk to Stanley F. Stephens (Stanley F. Stephens & Co.), 16-17, New Hibernia Chambers, London Bridge, London, S.E.1.
- PITT, PHILIP KNIGHT, Clerk to D. G. Price (Duart-Smith, Baker & Price), Albion House, King Street, Gloucester.
- PLACKETT, LESLIE HERBERT THOMAS, Clerk to Page, Simpson, FitzGerald & Lambert, Essex House, High Street, Stratford, London, E.15.
- PORTER, THOMAS WILLIAM, Clerk to A. Bates, 50A, Piccadilly, Hanley, Stoke-on-Trent.
- POTTS, NORMAN, Clerk to Chas. H. Mellor, Union Bank Chambers, Market Street, Stalybridge.
- POWELL, HAROLD, Accountant's Department, Taf Fechan Water Supply Board, 101, High Street, Merthyr Tydfil.
- PRYOR, ALBERT HENRY, Clerk to Stanley F. Stephens & Co., 16-17, New Hibernia Chambers, London Bridge, London, S.E.1.
- PURSER, WILLIAM GODDARD, Clerk to Donald H. Bates & Co., Central Chambers, 10, Cheapside, Hanley.
- RANDALL, NORMAN GURNEY, Clerk to J. G. Randall (Albert A. Henley & Co.), Portland House, 73, Basinghall Street, London, E.C.2.
- RASTRICK, THOMAS, Clerk to Edward Clough, 40, North Parade, Bradford.
- REDDY, CHINCHODE DAMODHAR, B.A., Clerk to De Frece & Parry, 128-132, Shaftesbury Avenue, London, W.1.
- REEDER, FRANK ALAN, Clerk to D. V. Hayden (Bishop & Hayden), 32, Prince of Wales Road, Norwich.
- RICE, GEORGE FREDERICK DAVID, Clerk to James Todd, Adams & Wilcock, 381-399, Salisbury House, Finsbury Circus, London, E.C.2.
- RICHARDSON, HILDA MARY, Clerk to Nutt & Horne, St. James' Chambers, Derby.
- RINTOUL, ISOBEL, Clerk to Wm. Sutherland, 28, Charlotte Square, Edinburgh.
- ROCK, JOHN HOWARD, Clerk to John W. Martin (Martin & Buckler), 186, Wolverhampton Street, Dudley.
- ROGERS, ERIC WALTER, Clerk to William J. Holman (Holman, Foxcroft & Jackson), 11, Queen Victoria Street, London, E.C.4.
- ROSENBAUM, DANIEL, B.Com., Clerk to Simon L. Lewis & Co., Camomile Chambers, 36, Camomile Street, London, E.C.3.
- ROSIER, STEPHEN, Clerk to Keens, Shay, Keens & Co., 11, George Street West, Luton, Beds.
- SALMONS, ERIC FRANK LESLIE, Clerk to Cecil Greensmith (Lescher, Stephens & Co.), 6, Clements Lane, Lombard Street, London, E.C.4.
- SAVAGE, JOHN HENRY, Clerk to R. Bennett, Treasurer and Accountant, Urban District Council, Council Offices, Colwyn Bay.
- SAYERS, GEORGE FRANK, Clerk to Norman D. Vine & Co., Pearl Chambers, East Parade, Leeds.
- SEN, NARENDRA NARAYAN, B.Sc., Clerk to S. N. Mukherji, 1B, Old Post Office Street, Calcutta, India.
- SHACKLETON, MAX STANLEY, Clerk to Armitage & Norton, Station Street, Huddersfield.
- SHAH, AMRITLAL JETHABHAI, B.Com., Clerk to Damania, Panday & Bajan, Petit Building, 359, Hornby Road, Fort, Bombay, India.
- SHARP, GEORGE WILLIAM, Clerk to Beevers & Adgie, 26, Park Row, Leeds.
- SHAW, BENJAMIN, Clerk to N. Duxbury (Nathaniel Duxbury, Son & Co.), 27, Richmond Terrace, Blackburn.
- SIMPSON, FREDERICK ALEXANDER, Clerk to Derbyshire & Co., 4, Southampton Row, Kingsway, London, W.C.1.
- SIMS, ARTHUR LESLIE BEDDOE, Clerk to Brinley Bowen & Mills, 22, Wind Street, Swansea.
- SMITH, ALEXANDER, H.M. Inspector of Taxes, Harrogate District, 23, Victoria Avenue, Harrogate.
- SMITH, EDWARD, Clerk to R. Smith, 10, Richmond Terrace, Blackburn.



## FINAL—(Continued).

- SMITH, JAMES LEONARD, Clerk to A. Turner Solomon, Investment Buildings, 67, Lord Street, Liverpool.
- SMYTH, ROBERT PATRICK JOSEPH, Clerk to Purtill & Co., 33-34, Anglesea Street, Dublin.
- SNELL, ROWLAND WEDGEWOOD, Clerk to C. A. Jakeman, 12, Stert Street, Abingdon, Berks.
- SOUTHON, SYDNEY JAMES GARNET, Clerk to A. E. Quaife (Westacott, Quaife & Co.), 104, High Holborn, London, W.C.1.
- STARKIE, ROBERT CARTER, Clerk to Arthur J. Naylor (Starkie & Naylor), Greek Street Chambers, Leeds.
- STEVENS, HENRY WILMOT, H.M. Inspector of Taxes, Nottingham 1st District, Exchange Buildings, Cheap-side, Nottingham.
- TAYLOR, KENNETH JAMES, County Treasurer's Office, Shire Hall, Bedford.
- TAYLOR, PHYLLIS ETHEL, Clerk to J. W. Lussigne, 64, West Smithfield, London, E.C.1.
- TEMPLETON, ROBERT SHAW, Clerk to D. L. Sellers, 27, Portland Street, Southampton.
- THIRSK, COLIN, Clerk to Leslie Lewis (Ransom, Harrison & Lewis), 22, High Street, Sheffield.
- THOMPSON, HAROLD, Clerk to J. Vincent Baines (H. Tindall Sherwood & Co.), 115, High Street, Stockton-on-Tees, Co. Durham.
- THURSBY, ROBERT JOHNSTON, City Chamberlain's Office, 285, George Street, Glasgow.
- TOOTHILL, HENRY GERALD, Clerk to Henry Toothill & Son, 9 and 11, Figtree Lane, Sheffield.
- TOWERS, WILLIAM MAYNE, Clerk to William Towers, 44, Brazennose Street, Manchester.
- TOZE, ARTHUR WILLIAM, Clerk to H. R. Michael (J. E. Denny, Bogle & Co.), 205-206, Finsbury Pavement House, London, E.C.2.
- TUCKER, FRANCIS, Clerk to Ware, Ward & Co., 21, Cathedral Yard, Exeter.
- TUCKER, JOHN HENRY, Audit Department, Co-operative Wholesale Society, Limited, 180, Lemon Street, London, E.1.
- UFTON, REGINALD, Deputy Borough Treasurer, Town Hall, Hemel Hempstead.
- WALKER, CECIL, Clerk to Geo. H. Walker, 37, Southgate, Halifax.
- WATTS, THOMAS WILLIAM, Clerk to Hood & Hopkins, 155, Albert Road, Middlesbrough.
- WEATHERILL, LEONARD OWEN, Clerk to H. J. Eldridge, 133, Moorgate, London, E.C.2.
- WHALLEY, JOHN REUBEN, Clerk to Perkins, Copeland & Co., Bolton Chambers, Eastbourne.
- WHEILDON, LESLIE, Clerk to David Smith, Garnett & Co., 61, Brown Street, Manchester.
- WHITFIELD, HAROLD, District Audit Department, Ministry of Health, Whitehall, London, S.W.1.
- WOOLHOUSE, KENNETH, Clerk to Henry Allott, 53, Queen Street, Sheffield.
- WORRALL, CHARLES, Clerk to E. J. Wolstenholme & Clemence, Crown Chambers, 36, Yorkshire Street, Rochdale.
- WREFOED, JOHN FINNAMORE, Clerk to M. Widdowson (Widdowson & Simpson), Chapel House, 54, New Broad Street, London, E.C.2.

## SUMMARY :—

- 8 Candidates awarded Honours.
- 186 Candidates passed.
- 171 Candidates failed.
- 365 Total.

## Passed in Intermediate.

## Order of Merit.

- WADE, EDWIN JOHN, Clerk to D. H. Husband, Adelaide House, Adelaide Street, Docks, Cardiff. (First Place Certificate and First Prize.)
- TIPPING, JOHN, Borough Treasurer's Department, Town Hall, Wallasey, Cheshire. (Second Place Certificate.)
- GOULD, WILLIAM CLARENCE, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2. (Third Place Certificate.)
- STANAWAY, HAROLD, Borough Treasurer's Department, Municipal Buildings, Middlesbrough. (Fourth Place Certificate.)
- RICHES, FRANK JOHN, Clerk to H. P. Gould & Son, 8, Upper King Street, Norwich. (Fifth Place Certificate.)
- JONES, SIDNEY, Clerk to Peat, Marwick, Mitchell & Co., 2, Park Place, Leeds. (Sixth Place Certificate.)
- KENT, STEPHEN JOHN, Borough Treasurer's Department, Municipal Offices, Rotherham. (Seventh Place Certificate.)
- MILLER, ROBERT RALPH, Clerk to Thornton & Thornton, Prudential Chambers, Banbury. (Eighth Place Certificate.)

## Alphabetical Order.

- ANDERSON, ERNEST CHARLES, Clerk to Chalmers, Wade & Co., 24, Coleman Street, London, E.C.2.
- ARKELL, CYRIL LESLIE, Clerk to Lowe, Bingham & Matthews, 90, Fenchurch Street, London, E.C.3.
- ARMIT, ROBERT, Clerk to James Condie, 3, East Port, Dunfermline.
- ARNOLD, KENNETH WILLIAM, County Accountant's Department, St. Mary's Gate, Derby.
- ASHCROFT, GEORGE, Clerk to James Hope, 25, Bolton Street, Bury.
- ASHTON, ARTHUR, Clerk to J. W. Best & Co., St. Peter's Close, Sheffield.
- AUSTIN, JOHN KENNETH, Clerk to W. G. Lithgow, Bank Chambers, 413, Lord Street, Southport.
- AYLEN, NORMAN PERCIVAL, Clerk to Wood, Mair & Co., 5, Frederick Street, Sunderland.
- BAILEY, CECIL, Clerk to F. W. Stephens & Co., Liverpool House, 15/17, Eldon Street, London, E.C.2.
- BAIRD, JOHN WILLIAM, Clerk to Atkinson & Boyd, 5, Bedford Street, Belfast.
- BAKER, ELLIS, Clerk to A. France (A. France & Co.), West Bar Chambers, Boar Lane, Leeds.
- BAKER, GEORGE ALFRED, Clerk to F. V. Arnold (Carpenter, Arnold & Turner), Midland Bank Chambers, 153, North Street, Brighton.
- BARNET, JOHN HOWARD, Clerk to A. E. Middleton (Cole, Dickin & Hills), 18, Essex Street, Strand, London, W.C.2.
- BARRY, KEVIN PATRICK, Clerk to F. R. O'Connor, 10, Westmoreland Street, Dublin.
- BASU, BHUPENDRA NATH, B.A., Clerk to S. N. Mukherji, 1B, Old Post Office Street, Calcutta, India.
- BATTY, IVOR ERNEST, Clerk to F. J. Notley (Lucian J. Brown, Henney & Notley), Friars Chambers, Newport, Mon.
- BECKETT, ROWLAND EWART, Clerk to Walter J. Edwards, International Exchange, 156, Edmund Street, Birmingham.
- BELLAMY, REGINALD FREDERICK, Borough Treasurer's Department, The Guildhall, Cambridge.
- BENN, ALBERT EDWIN, Clerk to Rupert Lindley, 21/22, Prudential Buildings, Bradford.
- BENNINGTON, NORMAN, Borough Treasurer's Department, Town Hall, Ealing, W.5, Middlesex.

## INTERMEDIATE—(Continued.)

- BLACKMAN, JOHN WILLIAM GEORGE**, Clerk to R. T. Warwick (W. T. Walton & Son), Marlow House, Lloyd's Avenue, London, E.C.3.
- BLISS, BASIL ARTHUR ERNEST**, Clerk to A. J. H. Shay (Keens, Shay, Keens & Co.), Bilbao House, New Broad Street, London, E.C.2.
- BOMAN, ERNEST ARTHUR**, Clerk to F. E. Hatfield (Hatfield, Dixon & Co.), 37, Walbrook, London, E.C.4.
- BOSWORTH, WILLIAM JOSEPH SIDNEY**, Clerk to A. H. Hall (Stanley Blythen & Co.), 12, Low Pavement, Nottingham.
- BOULTON, KENNETH**, Clerk to H. Cunningham, King's Chambers, Angel Street, Sheffield.
- BRADLEY, KENNETH**, Clerk to G. T. A. Neaves (J. Murphy & Co.), Union Bank Chambers, Bridge Street, Stockport.
- BRADSHAW, THOMAS**, Clerk to Moore & Smalley, 9, Chapel Street, Preston.
- BRIGHTMAN, WALTER POWELL**, Clerk to W. T. Bell, Wilkinson & Foden, 55, Brown Street, Manchester.
- BRISTOW, KENNETH JOHN**, Clerk to W. A. Nixon (A. Nixon, Son & Turner), 31, Victoria Buildings, St. Mary's Gate, Manchester.
- BROWN, DONALD**, Clerk to Harrison, Hanson & Co., Old Borough Chambers, 20, Bond Street, Dewsbury.
- BROWN, FREDERICK THURSFIELD**, Clerk to E. T. Brown (E. T. Brown & Co.), Gresham Chambers, Lichfield Street, Wolverhampton.
- BROWN, WILLIAM**, Clerk to Henry Chapman, Son & Co., Barrington Street, South Shields.
- BUNTING, WILLIAM**, Clerk to John Airey (John Airey & Co.), 8, Victoria Street, Liverpool.
- BURROW, KENNETH**, Clerk to C. Wain, 7/8, Osborne Buildings, 91, Kirkgate, Bradford.
- CAMPBELL, PETER ALBERT TURNER**, Clerk to F. W. Burton (B. de V. Hardcastle, Burton & Co.), Coventry House, South Place, London, E.C.2.
- CARBERRY, ROBERT GEORGE**, Clerk to James A. Winnington (James A. Winnington & Co.), 3, Castle Arcade Buildings, Belfast.
- CAVAGHAN, HENRY**, Clerk to James Watson & Son, Lloyds Bank Chambers, Lowther Street, Carlisle.
- CHADWICK, GEORGE DANIEL**, Clerk to A. J. Walkey (Cooper & Kenny), 34, Dame Street, Dublin.
- CHAPMAN, WILLIAM GEORGE**, Clerk to Cole, Bond & Co., 90, Cannon Street, London, E.C.4.
- CLAMP, JOHN WILLIAM**, District Audit Department, Ministry of Health, Whitehall, London, S.W.1.
- CLARKE, HARRY CLIFFORD**, Clerk to A. France & Co., West Bar Chambers, Boar Lane, Leeds.
- CLARKSON, JOHN**, Clerk to F. Clarkson & Co., Bank Chambers, 7, Hargreaves Street, Burnley.
- CLAY, FREDERICK WILLIAM**, Borough Treasurer's Office, Albert Street, Mansfield.
- COCKRAM, JOHN**, Clerk to Cash, Stone & Co., 48, Copthall Avenue, London, E.C.2.
- COLE, RAYMOND GEORGE**, Clerk to David Owen & Co., 47, Market Place, Warrminster, Wilts.
- COLLINGE, ARNOLD ROY**, Clerk to J. H. Lord & Co., Bank Buildings, Bacup.
- COLQUHOUN, DOUGLAS**, Clerk to E. K. Williams (E. J. Williams & Co.), 30, North John Street, Liverpool.
- CORSCADDEN, ERNEST**, Clerk to J. C. Haworth (Henry Sykes, Haworth & Co.), 36, North Parade, Bradford.
- CORSIE, JOHN**, Clerk to Josiah Beddow & Son, Liverpool House, 15/17, Eldon Street, London, E.C.2.
- COSGROVE, ARTHUR EDMUND**, Clerk to Brown, Butler & Co., 19, Market Street, Bradford.
- COUPER, THOMAS JOHN**, Clerk to F. Dubois, 45, Museum Street, London, W.C.1.
- COX, STANLEY WILLIAM**, Clerk to Marreco, Houseman & Brandon, 10, New Court, London, W.C.2.
- CRITCHLEY, NORMAN**, Clerk to C. A. Milford, 3, Richmond Terrace, Blackburn.
- CROWE, LESLIE ERNEST**, Clerk to Hodgson, Harris & Co., 135, Fenchurch Street, London, E.C.3.
- CUTTS, GEORGE HERBERT**, Clerk to Peat, Marwick, Mitchell & Co., Williams Deacon's Bank Chambers, Church Street, Sheffield.
- DALE, ARTHUR BURTON**, Clerk to Edwin Guthrie & Co., 71, King Street, Manchester.
- DARUVALA, JAL KHURSEDJI, B.A.**, Clerk to A. K. S. Aiyar (K. S. Aiyar & Co.), 65, Apollo Street, Bombay.
- DAS, ROHINI KANTO, B.Sc.**, Clerk to James S. Fraser, 69, West Regent Street, Glasgow.
- DAVIES, ALFRED BRIAN**, Clerk to Jones, Crewdson & Youatt, 7, Norfolk Street, Manchester.
- DAVIES, EDMUND JAMES**, Clerk to R. H. March, Son & Co., 58, Mount Stuart Square, Cardiff.
- DAVIES, TUDOR**, Clerk to Arthur Hallett (A. Hallett & Co.), Studio Buildings, Regent Street, Wrexham.
- DAVIES, WALTER REGINALD**, Clerk to Dixon, Wilson, Tubbs & Co., 24, Basinghall Street, London, E.C.2.
- DAVIS, MYER**, Clerk to William Hughes (W. & T. Hughes), 12, Frederick Street, Sunderland.
- DAWRANT, KENNETH**, Clerk to Armitage & Norton, Somerset House, Halifax.
- DENTON, ERIC**, Clerk to Litton, Pownall, Blakey & Higson, 42, Spring Gardens, Manchester.
- DESHPANDE, ANANT VENKATESH**, formerly Clerk to Dalal & Shah, 70, Meadows Street, Fort, Bombay.
- DICKINSON, JAMES WALTER**, Clerk to John Potter (John Potter & Okman), 27, North Albert Street, Fleetwood, Lancs.
- DIMOND, FREDERICK WILLIAM**, Clerk to Bishop, Fleming & Co., Strand Chambers, Torquay.
- DOBSON, ALFRED REGINALD**, Clerk to Fred W. Buzzacott (Buzzacott, Lillywhite & Co.), 16-17, King Street, London, E.C.2.
- DODD, ERNEST MATTHEW**, Clerk to W. L. Jackson & Hesketh, 51, North John Street, Liverpool.
- DOODSON, NORMAN**, Borough Treasurer's Department, Town Hall, Middleton.
- DUPTON, GLADYS**, Clerk to J. Pearson & Son, 5, Godwin Street, Bradford.
- EASTMAN, BARNET**, Clerk to H. E. Harwood, 73 and 75, Albion Street, Leeds.
- ELLIS, KENNETH HARRY**, Clerk to J. H. Croydon (Spence, Paynter & Morris), 6, Wardrobe Place, Doctors Commons, London, E.C.4.
- ELWOOD, DOUGLAS STANLEY**, Clerk to O. H. Smith (Harrison, Smith & Haughton), 6A, North Parade, Bath.
- EPSTEIN, BENJAMIN**, Clerk to Broads, Paterson & Co., 1, Walbrook, London, E.C.4.
- FARRAR, GEORGE**, Finance Department, Ministry of Labour, Queen Anne's Chambers, London, S.W.1.
- FLAD, GEORGE MARTIN**, Clerk to Wykes & Co., 24, Friar Lane, Leicester.
- FLEMING, PERCY**, Deputy Borough Treasurer, 18, Upper George Street, Luton.
- FORSYTH, HARRY**, Borough Accountant's Department, Town Hall, Brighton.



## INTERMEDIATE—(Continued.)

- FRANCES, ROYDEN HARRY, Clerk to Arch. Sharp (Alfred G. Deacon & Co.), National Chambers, 4, Horsefair Street, Leicester.
- FROST, ALFRED ALEXANDER, Clerk to Hill, Vellacott & Bailey, Coates Buildings, Castle Street, Belfast.
- FROUDE, LESLIE MACKELDEY, Clerk to Thos. Froude (Oscar Berry, Froude & Co.), 1, Queen Victoria Street, London, E.C.4.
- FRYE, JOHN MIDDLETON, B.Sc., Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.
- GOLLEY, ALFRED EDWARD, Finance Department, County Hall, Kingston-on-Thames.
- GREATBATCH, LAURENCE, Clerk to A. Brodie (J. Paterson, Brodie & Son), Moor House, Moorland Road, Burslem, Stoke-on-Trent.
- GREAVES, HORACE KEMBALL, Treasurer's Department, West Riding of Yorkshire, County Hall, Wakefield.
- GRIFFITHS, CLIFFORD JOHN, Clerk to D. G. Price (Duart-Smith, Baker & Price), Albion House, King Street, Gloucester.
- GRIFFIN, WILLIAM NICHOLAS, Clerk to J. H. Barton, 13, Angelsea Street, Dublin, C.4.
- GRIFFITHS, NORMAN, Clerk to T. Hague Sutton (E. B. Griffiths & Co.), 152, Lord Street, Southport.
- GREEN, HAROLD CAISLEY, Clerk to Woodhouse & Wilkinson, 28, Queen Street, London, E.C.4.
- GRUNFELD, ISRAEL ZELIG, Clerk to J. Wallace Williams (J. Wallace Williams & Co.), 5, St. Andrews Crescent, Cardiff.
- HACKETT, GEORGE, Clerk to Alexr. Hannah, 51, North John Street, Liverpool.
- HUGH, FRED MARSDEN, Clerk to T. N. Steel (T. N. Steel & Co.), Union Bank Chambers, Market Place, Huddersfield.
- HALEY, HUBERT CYRIL, Borough Accountant's Department, Town Hall, Croydon.
- HALLAM, JOHN GEORGE, County Accountant's Department, County Offices, St. Mary's Gate, Derby.
- HARDMAN, FRANK, City Treasurer's Office, 1, St. Leonards Place, York.
- HARMAN, WILLIAM RAYMOND, Borough Treasurer's Department, Town Hall, Wolverhampton.
- HARRIES, FRANCIS ROBERT DUDLEY HOWELL, Clerk to J. F. Mallabar & Co., 1, Regent Street, London, S.W.1.
- HARRISON, GEORGE PHILIP, Clerk to C. G. Compton (Stephenson, Smart & Co.), The Broadway, St. Ives, Hunts.
- HARVEY, BENJAMIN HYDE, City Treasurer's Office, 1, St. Leonards Place, York.
- HAY, DOUGLAS ALEXANDER, Clerk to P. C. M'Auslan (E. A. Bell & Co.), 5, Alloway Street, Ayr.
- HELLYER, FRANCIS JOHN NORMAN, Clerk to G. R. Williams, 26, Windsor Place, Cardiff.
- HERN, GEORGE EDWARD, Clerk to W. Wardingley, Alliance Chambers, Horsefair Street, Leicester.
- HINCHLIFFE, VINCENT IRVING, Clerk to Alton Ward (W. Arthur Turner & Co.), Martins Bank Chambers, 25, Sunbridge Road, Bradford.
- HIND, GEORGE FREDERICK, County Accountant's Office, The Moothall, Newcastle-on-Tyne.
- HODSON, CHARLES HENRY, Clerk to M. P. Fernyhough, 3, Commerce Street, Longton, Stoke-on-Trent.
- HOLLAS, JACK, Borough Treasurer's Department, Town Hall, Halifax.
- HULME, WILLIAM MILES, Clerk to Marshall, Gibbon & Co., 38, Barton Arcade, Manchester.
- HURRY, ARTHUR WILLIAM, Borough Treasurer's Department, Municipal Offices, Bromley, Kent.
- JACKSON, ARTHUR POWELL, Clerk to Hodgson, Harris & Co., Cleethorpe Road, Grimsby.
- JARRATT, ARTHUR, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- JOBSON, ARTHUR WILLIAM, Clerk to W. E. Lambert (Page, Simpson, Fitzgerald & Lambert), 18, Charing Cross Road, London, W.C.2.
- JONES, FRANCIS JOHN COVENTRY, Clerk to E. J. Riches, 12, Bank Street, Norwich.
- JONES, WILFRED THOMAS, Clerk to S. S. Sara (J. W. B. Brown, Sara & Co.), Prudential Buildings, Corporation Street, Birmingham.
- JORDAN, ROBERT THOMAS, Clerk to Herbert Sharp, 33, Blackfriars Street, Manchester.
- KELLY, ROBERT MORRISON, Town Chamberlain's Office, Green Street, Kilmarnock.
- KENNEY, HERBERT JAMES, Clerk to John Rowley & Co., 10, Market Street, Leicester.
- KEMP, SYDNEY ARTHUR, Clerk to Thornton & Thornton, Moorgate Station Chambers, London, E.C.2.
- KEYWORTH, JOSEPH WILLIAM, Clerk to Goldie, Campbell & Robins, Bank Chambers, Lowgate, Hull.
- KIRBY, ROLAND TILNEY, Clerk to Goldie, Campbell & Robins, Bank Chambers, Lowgate, Hull.
- KIRBY, WILLIAM, Clerk to C. P. McCarthy (A. J. Magennis & Co.), 50, South Mall, Cork.
- KNIGHTS, RAYMOND EDWIN, Clerk to Larking & Larking, Invicta Chambers, Maidstone.
- LAING, JAMES FREDERICK, Clerk to Egerton Chater & Co., 74, Cheapside, London, E.C.2.
- LALOR, PATRICK, Clerk to P. Taggart (P. Taggart & Co.), 30, Lord Street, Liverpool.
- LANGFORD, EDWARD HENRY, Clerk to E. Cassleton Elliott (Cassleton Elliott & Co.), 4-6, Throgmorton Avenue, London, E.C.2.
- LANGMAID, JOAN CONSTANCE, Clerk to W. R. L. Jenkins (Hinton, Jenkins & Co.), 71, Bridge Street, Newport, Mon.
- LEE, THOMAS ROUSELL, Clerk to Edmund D. White & Sons, 45A, Dale Street, Liverpool.
- LEIGH, FRED, Clerk to Harold Bury (Walker & Bury), 9, Leopold Grove, Blackpool.
- LIBSON, NYMAN, Clerk to H. Rose (Philip E. Farr, Rose & Co.), Bassishaw House, 70A, Basinghall Street, London, E.C.2.
- LONG, PHILLIP, Clerk to Chalmers, Wade & Co., 5, Fenwick Street, Liverpool.
- LYNN, WILLIAM SLADE, Clerk to Edward Bicker & Son, Exchange Buildings, Upper Hinton Road, Bournemouth.
- MC EWAN, JOHN, Clerk to P. C. M'Auslan (E. A. Bell & Co.), 5, Alloway Street, Ayr.
- MAINWARING, JOHN GORDON, Clerk to Barnett & Co., Terminus Chambers, 6, Holborn Viaduct, London, E.C.1.
- MALHOTRA, PURAN CHAND, Clerk to W. W. Bigg (Wilson, Bigg & Co.), Pomeroy House, 28A, Basinghall Street, London, E.C.2.
- MARSHALL, JOHN, Clerk to Winter, Robinson & Co., 16, Market Street, Newcastle-on-Tyne.
- MARTIN, ALBERT VICTOR, Accountant's Department, Council Offices, Purley, Surrey.
- MARTIN, FREDERICK HAROLD, Clerk to Beavis Walker & Co., 53, New Broad Street, London, E.C.2.
- MARTIN, WESLEY JOHN, Clerk to Hugh Smylie & Sons, 13, Donegall Square North, Belfast.
- MAWHINNEY, JAMES HARVEY, Clerk to James Baird & Co., Imperial Buildings, 72, High Street, Belfast.

## INTERMEDIATE—(Continued.)

- MAYHEW, HENRY JOHN, Clerk to G. H. Lawrence (Lawrence, Hann & Best), Cross Keys House, 56, Moorgate, London, E.C.2.
- MITCHELL, HARRY, Clerk to H. S. Ferguson & Co., 6, Princess Street, Manchester.
- MITCHELL, JOHN, Accountant, Bebington and Bromborough Urban District Council, Council Offices, Bebington, Cheshire.
- MORGAN, WILLIAM RHYS, Clerk to Alfred Shankland & Son, 9, Queen Street, Cardiff.
- MORTON, JOHN SAMUEL, Clerk to E. A. Anderson, Scottish Provident Buildings, 7, Donegall Square West, Belfast.
- MOTHERSDALE, HAROLD, Borough Treasurer's Department, Town Hall, Wolverhampton.
- MUNDY, RICHMOND FREDERICK, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.
- NAYLOR, HAROLD, Clerk to Camm, Metcalfe & Co., Town Hall Chambers, Fargate, Sheffield.
- NENCINI, ALFRED HECTOR JOHN, Clerk to John Tonge & Grundy, Montgomery Chambers, 22, Hardwick Street, Buxton.
- NEWMAN, HAROLD HAMBLIN, Clerk to A. Daniels, Bank Chambers, 57, Palmerston Road, Southsea.
- NEWMAN, JOSEPH HENRY, Clerk to O. A. Watson (Watson & Tebbett), 10, Peacock Lane, Leicester.
- NORFOLK, BERNARD ALOYSIUS, Clerk to N. K. Silver (Cassleton Elliott & Co.), 4-6, Throgmorton Avenue, London, E.C.2.
- O'DELL, HARRY COLOMB, Clerk to Singleton, Fabian & Co., 3, Throgmorton Avenue, London, E.C.2.
- ODDY, STANLEY, Borough Treasurer's Department, Town Hall, Southport.
- OGDEN, AGNEW GEORGE, Clerk to P. W. Stirk (Jacques & Stirk), 9, Henry Street, Keighley.
- OLDLAND, FRED ERICK LANGRIDGE, Clerk to A. E. Middleton (Cole, Dickin & Hills), 18, Essex Street, Strand, London, W.C.2.
- OWEN, WILLIAM DEREK MOSTYN, Clerk to J. Dix Lewis, Caesar & Co., Kennan's House, Crown Court, Cheapside, London, E.C.2.
- PARKER, HENRY STANLEY, City Treasurer's Department, Council House, Birmingham.
- PATTER, BERNARD, Clerk to A. J. S. Pratt (Howard, Morris & Crocker), 102, Victoria Road North, Southsea.
- PAUL, ARTHUR JOHN, Clerk to Peat, Marwick, Mitchell & Co., 11A, Chapel Street, Camborne.
- PAYLOR, CYRIL STANLEY, Clerk to J. B. Lapiash & Son, Pearl Chambers, East Parade, Leeds.
- PEARSON, DORIS, Clerk to William Pearson (J. Pearson & Son), 5, Godwin Street, Bradford.
- PEARSON, JOHN LESLIE, Clerk to A. M. White (White & Crowe), Erskine Chambers, 15, Grainger West, Newcastle-on-Tyne.
- PEDLEY, ALBERT, Clerk to A. T. Keens (Keens, Shay, Keens & Co.), Bilbao House, New Broad Street, London, E.C.2.
- PELHAM, ROBERT FRANK EYLES, Clerk to D. F. Lumley (Geo. W. Spence & Co.), 10, Bush Lane, Cannon Street, London, E.C.4.
- PETERS, JOHN FREDERICK JOSEPH, H.M. Inspector of Taxes (District No. 2), 49, Queen Street, Exeter, Devon.
- PEXTON, DONALD HENRY, Clerk to Cole, Dickin & Hills, 18, Essex Street, Strand, London, W.C.2.
- PICKEN, GORDON WEST, Clerk to Leonard Ross (Gwynn & Ross), Walker Street Chambers, Wellington, Shropshire.
- PICKERING, THOMAS WILLIAM, Clerk to Charles E. Rogerson (Geo. A. Marriott, Rogerson & Co.), 15, Mosley Street, Manchester.
- POLLARD, HARTLEY RAYMOND, Clerk to Bournier, Bullock & Co., 11A, Fore Street, St. Austell, Cornwall.
- POTTER, JOHN JAMES, Clerk to Howard Heaton, 95, Colmore Row, Birmingham.
- PRESTON, JOHN, Clerk to C. D. Harrison (John Potter & Harrison), 22, Birley Street, Blackpool.
- PRICE, RICHARD NEWMAN, Clerk to G. H. Lewis (Cole, Dickin, Lewis & Co.), 22, St. Andrews Street, Cambridge.
- PRICE, WILLIAM JAMES, Clerk to W. R. L. Jenkins (Hinton, Jenkins & Co.), 71, Bridge Street, Newport, Mon.
- PRINCE, RONALD, Clerk to Stanley T. Pengelly, 1, Edward Terrace, Cardiff.
- PRITCHARD, HAROLD DAVID, Clerk to Jones, Robathan, Thompson & Co., 18, King Street, Carmarthen.
- PURSLOW, JOHN HAYDN, Clerk to P. Cozens (Ridsdale, Cozens & Co.), Midland Bank Chambers, Walsall.
- RABJOHNS, PHILIP DAVID, Clerk to C. N. Rowe, 35, Foregate Street, Worcester.
- RADCLIFFE, THOMAS STANLEY, H.M. Inspector of Taxes (Blackpool 2nd District), 15a, Tyldesley Road, Blackpool, Lancs.
- RADFORD, HENRY CLAUDE, Clerk to J. P. Moratjoy & Co., Old Bank Chambers, 27, High Street, Cardiff.
- RAINE, HARRY NORMAN, Clerk to C. W. Preston, 50, Market Place, Hull.
- RALPH, ALBERT CECIL, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.2.
- RAWDEN, REGINALD WALTER, Accountant's Department, Essex County Council, County Hall, Chelmsford.
- READ, PHILIP KENNETH, Clerk to Morris Lodge, Borough Treasurer, Municipal Offices, Weymouth.
- READINGS, FREDERICK JOHN, Clerk to Porritt & Co., 94, Old Broad Street, London, E.C.2.
- RENDELL, ALBERT EDWARD JOHN, District Audit Department, Ministry of Health, Whitehall, London, S.W.1.
- RICHARDSON, JOHN NICHOL, Clerk to A. J. Ingram (A. J. Ingram & Co.), 32, West Sunnyside, Sunderland.
- ROBERTS, ROBERT KENNETH, Clerk to M. E. J. Pearce (Wheatley, Pearce & Co.), 102, High Street, Poole.
- ROBERTSON, THOMAS, City Chamberlain's Office, 285, George Street, Glasgow.
- ROBINSON, ARTHUR, Clerk to Leather & Veale, 10, East Parade, Leeds.
- ROBINSON, WILLIAM ALFRED, Clerk to Gibson & Ashford, 39, Waterloo Street, Birmingham.
- ROUND, NORMAN, Clerk to Cooper-Parry, Hall, Doughty & Co., 20-21, High Street, Burton-on-Trent.
- ROUSSEAU, ALBIN ERNEST, Clerk to H. F. Thompson (Edward Blinkhorn, Lyon & Co.), 69, Leadenhall Street, London, E.C.2.
- ROY, DILBAG, B.A., Clerk to F. W. Harris, 28, New Bridge Street, London, E.C.4.
- RYDER, HANDEL, Clerk to T. Greenhalgh (T. Greenhalgh & Co.), 23A, Clifton Street, Blackpool.
- SANDERSON, JACK, Clerk to Norman Sacker, Spring Garden Chambers, Kay Street, Rawtenstall, Rossendale.
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## Shipping Accounts.

A LECTURE delivered before the Incorporated Accountants' South Wales and Monmouthshire District Society (Cardiff Students' Section) by

MR. W. J. PALLOT,  
INCORPORATED ACCOUNTANT.

Mr. PALLOT said: When I was approached by your Honorary Secretary, Mr. Alun Evans, to give a lecture to you during the present session, I turned the matter over in my mind and came to the conclusion that I would give you a lecture on Shipping Accounts as being the type of accounts with which a number of you would, perhaps, not come into contact in your daily work, but in respect of which you might be asked questions in your examinations. I accordingly agreed with Mr. Evans to do my best to give you an idea of shipping accounts, and trust that what I shall have to say will be interesting, and, what is more important, will be of assistance to you in the future.

Having agreed to give the lecture, the time arrived when consideration had to be given to the manner in which so broad a subject should be placed before those who might be present when the lecture was delivered. It is, I think, improbable that many, if any, of us will ever have to deal in the future with the accounts of sailing vessels or to go to the other extreme, that many of us will have to tackle the accounts of a line of passenger vessels. These two sections of shipping I do not, therefore, propose to include within the scope of this paper. I propose rather to deal with that type of shipping accounts upon which I fully expect student members are "cutting their teeth," so to speak. I refer, of course, to the type suitable for the recording of the working of the ordinary tramp steamer, whether she be one of a fleet engaged upon similar work or the sole craft of the single-ship company.

I propose to divide my remarks into three parts. These parts will be:—

- (1) The writing up of shipping accounts;
- (2) The audit of shipping accounts; and
- (3) The taxation relating to shipping accounts.

As regards the first, then, namely

### THE WRITING UP OF SHIPPING ACCOUNTS.

Whilst I shall be delighted if, by any chance, anything contained in this paper proves to be of interest to the older students present, and those who have had experience of these accounts, I wish to address more particularly the younger students and those to whom the keeping and auditing of such accounts is a comparatively new experience. With this end in view, it seems to me that the most practical method of treatment will be for me to deal seriatim with such matters as one might expect would arise in the ordinary life of an ocean going tramp steamer. Let us commence then with:—

**The Purchase of a Ship.**—This may be achieved either by contracting with a shipbuilder for the purchase or the building of a vessel, or by the purchase of a second hand ship either by private treaty or by auction. If the vessel is bought for a fixed sum, and the vendors undertake to deliver the ship completely equipped in every respect and ready for sea, the cost account requires very little consideration, as the only additional debits to cost account will be for such expenditure as was incurred, firstly, in the examination and purchase of the vessel (e.g., superintendents' fees, travelling expenses, valuation

fees, brokers' commissions, and such like); secondly, in the actual transfer (e.g., Custom House registration fees); and, subsequently, the cost of the trial trip, if any. Any insurance of a vessel when building or when on her trial trip would fall to be considered capital expenditure. As you are doubtless aware, every British ship (with very few exceptions) must be registered, and the port at which this is done becomes her particular port of registry. If the vessel is built to specification, or if she is bought as she stands, the question of "extras" will almost certainly arise and will open the door to many debatable questions. From the accounting point of view the safe rule is, of course, to debit any item which is not unquestionably "cost" to working (that is, revenue) account. It by no means follows that such a point of view will commend itself to the taxation authorities, but on a full disclosure of the facts there is seldom difficulty in arriving at a settlement mutually acceptable. There is one other point relating to the purchase of a vessel from builders which is worthy of mention. It is usually arranged in the contract that the builder is to receive specified instalments at certain stages of the building and to take half-yearly bills in respect of the remainder of his account. Upon the bills, interest will be charged at an agreed rate; such interest, up to the date the vessel is ready to trade, should be charged to cost account, but interest accruing subsequent to that date should be charged to profit and loss account and not to cost. It will also be found that such interest is payable in full without deduction of tax, and that the Inspector of Taxes will offer no objection to the allowance of such interest from the date of commencing to trade as a charge against profits for taxation purposes. While referring to this question of amounts due to builders, it may be convenient to mention the security given for the due payment of same. In cases where the purchasers have not the funds necessary for purchase outright, the usual course is for the builder to agree in the contract to take half-yearly bills for the balance unpaid from time to time, secured by a mortgage upon the vessel until the balance due to him has been paid off. In such cases, and in any other case where money is lent upon the security of a mortgage on a vessel, this mortgage is what is called a "Shipping Mortgage." Such mortgages, whether to builders or other mortgagees, were not required to be registered with the Registrar of Joint Stock Companies, prior to the passing of the Companies Act, 1929. They had to be registered at the Custom House in order to be made effective, and small registration fees were payable. Since then, however, any charge on a ship or any share in a ship must also be registered with the Registrar of Companies in the prescribed manner. If there are more mortgages than one on a vessel they take priority in order of date of registration, and not of advance. Moreover, a subsequent mortgagee cannot foreclose and sell without consent of the prior mortgagees or an order of the Court.

**Separate Cost Accounts.**—In cases where a fleet of steamers is owned it is most desirable that the cost accounts of each vessel shall be kept separately, so that upon any change of ownership the actual balance of profit or loss may be dealt with either as appreciation or depreciation. The usual method adopted is to transfer appreciations to a capital reserve account to which have been or will be credited all appreciations in respect of vessels sold or lost, as well as amounts set aside out of profits by way of a reserve against depreciation. Any losses on vessels sold or lost are transferred to debit of this account up to the capacity of the reserve. If there is still any balance of loss unprovided for, this must stand



upon the sale or total loss account until the reserve has been augmented sufficiently to wipe same out.

**Books.**—Having purchased our vessel let us now give consideration to the books we shall keep. The chief object at which a shipowner aims, from the book-keeping point of view, is to have to his hand, at the earliest possible moment after the completion of a voyage, an account showing the profit or loss made on that voyage, with all expenditure and revenue classified in such a manner as to form the basis of reliable statistical information for the twofold objects of estimating and comparison. You will all readily appreciate how greatly the information of this description, available from accounts accurately kept upon sound principles, can help those responsible for contracting for the employment of the vessels, and those responsible for the economical running of same. The information available should be so arranged, that not only can the precise amount expended under certain agreed heads on any voyage be ascertained, but the expenditure of different vessels (if there are more than one) on similar voyages, or at the same ports, or at what we may call alternative or adjacent ports, be compared.

With this object in view, a form of Columnar Journal has been evolved, which is called by many names, but to which I will refer as the Voyage Journal, though it is really a hybrid of journal and ledger. With one of these Voyage Journals for every vessel owned or run, a General Journal, a Cash Book, a Ledger, Bills Receivable and Payable Books, and perhaps a Petty Cash Book, you have the usual books of account; in addition, there are books of record and memoranda which are very useful for reference purposes, such as Ships' Movement Book, Insurance Book, Average and Damage Claim Book, Loading and Discharging Register, &c. Finally, if the concern is a limited company, there will, of course, be the usual statutory books. As regards:—

**The Cash Book.**—The type ordinarily used is one with two columns on both debit and credit sides, the former of the two for detail and the latter for the total of each lodgment into bank or of the cheque drawn. It is assumed that the fundamental principle of all moneys received being banked applies. I may say at this point that most local shipping companies work under the management of a firm, or private limited company, and we always advocate that the cash disbursements on account of the ships or shipping company, if not those by cheque also, shall be made entirely by the managing owners out of their own funds, and that they shall render accounts to the shipping company for their disbursement on the company's behalf, just as any other brokers acting for shipowners would do. This course has obvious advantages, of which perhaps the greatest is that there is only one lot of cash and one Petty Cash Book in an office—even if the managing owners are managing the affairs of more than one ship-owning company.

Where it happens that the shipping company runs its own business with its own staff, then a Petty Cash Book must be kept by it. The best and simplest type is one designed upon the columnar system. It has the usual debit column for cash drawn from bank (all other receipts must be banked), a space for details, and then a series of columns in which to dissect all payments. The first column is, of course, reserved for the total, then come the nominal account headings one usually provides for, after which there should be a number of columns grouped under an embracing heading of ships' disbursement accounts. Experience will soon indicate how many of these will be required: the number need not exceed the greatest number of ships owned, which it is likely will

be in local ports and disbursed by the company at the same time. The system applied is for a column to be headed by the name of a ship immediately she arrives, and all items paid on her account during her stay in port extended to that column. When she has left and all her port accounts have been paid, the column is added up, ruled off, and the total carried out to the column on the extreme right, headed "Accounts," and which is provided with a folio column: this total is then posted to the Voyage Journal of the particular vessel and voyage, the column which up to this date had served, e.g., for the s.s. "A," now being available for any other vessel for which a column is required. I have a ruling here and a few specimen entries which I hope will show you clearly what I have just tried to explain.

**Cash Basis.**—I should like to mention at this stage that, in practice, owing to the very numerous items which pass through the books of a shipping concern, especially such as own a number of vessels, one often finds that the accounts are kept, as far as possible, upon a cash basis in order to minimise the number of entries. By this I mean that, rather than pass every account or invoice through the journal to credit of a personal account in the ledger against which, on settlement, the debit would be posted from the Cash Book, the account is not dealt with until paid; the account paid is then dissected, entered in the Cash Book in detail, and each portion posted direct to its proper destination, whether ledger or Voyage Journal. This cuts out a tremendous amount of detail, and, in cases where all accounts are paid regularly after a certain time of credit, it answers very well, but, as you can imagine, it puts a very considerable strain upon the filing system in vogue, for it is essential that the greatest care must be taken at any balancing time to ensure that all unpaid accounts at that date have been brought into the books. There is a great deal to be said, from the point of view of the shipowners' staff, for the adoption of this principle, and I must say we have found it to answer very well indeed when reasonable care is taken, but there is no doubt, that, from the point of view of safety only, the entry into the books of each account as it is received and passed is the more satisfactory method. Now let us turn to

**The Voyage Journal.**—I have here copies of the type we usually recommend to our clients. The form may differ in some cases, according to the particular requirements of the client, but only so far as the headings of expenditure are concerned. For instance, one client may want "Repairs" subdivided between "Deck" and "Engine" instead of under one heading only. Another may wish to have a column for "Superintendents' Fees and Expenses." These are, however, only changes of detail. The object aimed at is to make each voyage account a detailed and complete working account of the vessel for the voyage, and the left-hand side of the folio is so constructed that it becomes, in effect, an analysed ledger account.

At the head of the page you will find space provided for the record of the particular voyage with which one is dealing. This includes the serial number, the ports visited, cargoes carried, dates of commencement and cessation, number of days occupied, and any other information of a similar nature required by the owners. On the left of the right-hand page is a section provided for the details of the account to be dealt with and the faint-ruled money columns for same. Then to the right of that section are debit and credit journal columns which are used in the manner usual to journals. If properly written up, this Voyage Journal will show in a nutshell the expenditure on each voyage both in detail and total, the

receipts in respect thereof, and the profit or loss on the voyage.

When it is desired to enter an account in the Voyage Journal it must first be summarised in a suitable manner. The summarised particulars are then entered in the feint-ruled section to the left of the right-hand page, and the total amount is carried out to the credit journal column, the name of the creditor being entered in the column provided. The proportion of this amount which should be debited to the voyage account is then extended to the total disbursements column on the left-hand page (where it is dissected between the appropriate detail columns) and the remaining balance (if any), which should not be debited to the voyage but to other ledger accounts, is then extended in detail to the debit journal column on the right-hand page, and the names of the accounts entered in the space provided for that purpose. You then have your two or more debits which are equal to your one or more credits. It remains for the debit and credit journal entries to be posted to their respective ledger accounts to complete the entry. In order to illustrate this, let us take an imaginary broker's account of, say, £750. On examination we find that not only does this account include items properly chargeable direct to the voyage of £400, but cash advanced to the captain for disbursements £100 (an account of which he will render in his portage bill at the end of the voyage), and perhaps expenditure on repairs which is recoverable, £250. These two last items you will see at once are not proper charges to the working account of the voyage and must find their way to appropriate ledger accounts. The entry is then :—

Total Disbursements Column .. ..	£400
Debit Journal Column—	
Captain's Account .. ..	£100
Damage Claim Account .. ..	£250
Credit Journal Column—	
Broker's Account .. ..	£750

You will remember my saying a few minutes ago that some accounts are written up on the cash basis. When this is so there are many items which must find their way direct from the Cash Book to the voyage account, and in order to complete the compensating debit and credit in the Voyage Journal it is usual for the name of the payer or payee, as the case may be, to be entered in the appropriate journal debit or credit column and for the Cash Book reference to be entered in the journal folio column, and *vice versa*. This is perhaps not quite orthodox book-keeping, but serves its purpose and ensures the preservation of the cross check of (1) the difference of the totals of the journal columns on (2) the profit or loss of the voyage, as emerging from the total disbursements and voyage receipts columns on the left hand page.

I will not dilate further upon the entering up of the journal beyond saying that I hope my explanations will have indicated how any account relating to a voyage may be brought in, whether relating to brokers' disbursements accounts, captain's portage bills, freight accounts, or what not. If anyone present, however, has any difficulty in mind, I shall be very pleased to try to explain it away later. It will, doubtless, occur to you that it may be necessary to pass a number of journal entries which may not relate to any particular voyage or even to voyages at all. This is so, and provision is usually made at the end of the Voyage Journal of a number of pages ruled with the usual type of journal ruling. We favour an additional pair of faint money columns in which

figures incidental to and explanatory of the items to be posted can be recorded.

*The Ledgers*, which may be divided into impersonal and personal sections, call for very little special comment. In the former, viz, the Impersonal Ledger, one would find amongst others the cost accounts of each of the steamers, reserve accounts for depreciation or replacement, an insurance account for each of the vessels, average accounts and damage claim accounts. In the latter, the Personal Ledger, will be found accounts for the captains, managing owners, insurance brokers and clubs, ship repairers, and sundry merchants and brokers. If the accounts are kept on a cash basis, you will realise that personal accounts will not need to be opened for such as are cleared completely by payment, and from which no deductions in the shape of contras have been made.

Comparatively few merchants' and brokers' accounts can, however, be dealt with by cheque only. If asked for advice on the matter, we do not recommend our clients to open accounts for each firm, but advocate the opening of a separate "Merchants', Brokers', &c., Account" for each vessel. The transactions relating to the vessel's call at any port for loading, discharging, bunkering, and such like, are then posted beneath a sub-heading of the firm's name, location and the number of voyage (e.g., Cory Bros. & Co., Ltd., Port Said. Voy. 15), and in most cases, within a very short time, the account can be ruled off as completed. In this way a record of these accounts is kept in chronological order and, after trial, we have never heard of any objection being raised to this method. It keeps the ledger clear of a great number of accounts which might only be used a few times in a number of years and, if care is used in leaving a sufficiency of room for each account to be properly recorded without cramping the entries, it will be found to answer very well.

*Insurance.*—Now let us turn to the running of the vessel. When a prospective owner expects to receive delivery of a vessel he has probably already arranged for her insurance. This is usually effected through insurance brokers with Lloyd's underwriters, and is generally for a term of twelve months from the precise time the vessel was taken over, e.g., 10.30 p.m., February 3rd, 1926, to 10.30 p.m., February 3rd, 1927. The cover is generally calculated in the following manner. The owner determines the total sum for which cover should be arranged, which would reimburse the owners in the event of loss sustained of :—

- (1) The vessel herself, i.e., hull and machinery.
- (2) The estimated value of freight carried and at risk.
- (3) The estimated value of disbursements which may be at risk (that is, disbursements made in respect of a voyage in progress when a loss occurs, and which, in such an event, would be a dead loss).

This total is then spread over the three heads and, as the last two are insurable at a considerably lower rate per cent. than the first, you can imagine that owners do their best to induce the underwriters to take as large a proportion as possible at the cheaper rates. The underwriters, however, will see that the cover is arranged to their satisfaction. One might imagine that difficulties would arise in cases where, for instance, at the time of loss, the freight at risk was below the amount of cover, but by the wording of the policy this is avoided and the underwriters pay the amount of the policy. There is a



fourth cover which is arranged at the same time, and that is :—

(4) The amount of insurance premiums at risk.

This, however, is usually taken out to cover this item alone without any reference to other risks or values. The principle of this insurance is that a twelve months' premiums on the vessel are at risk at the commencement of the policy, and these amount to very considerable sums, no portion of which is returnable in the event of loss. As the year expires, the amount of premiums paid in advance is reducing, and so the policy is arranged to cover the reduced amount of premiums paid in advance still at risk when the vessel is lost; hence the term "Premiums Reducing."

The broker renders a debit note for the insurances effected, less a deduction for discount. In some cases these insurances are paid immediately, but often as to one-quarter only in cash, and the balance in bills of equal amount for periods of three, six, and nine months. In such cases interest is charged on the deferred payment and is taken into account before the total premium and interest is divided into the four parts. The total of the premiums and interest is then considered to be the total cost of the insurance for book-keeping purposes and is so treated.

In addition to the annual policies I have just mentioned, other short term or voyage policies are often taken out. Most Lloyd's annual policies lay down certain conditions as regards the limits of the vessel's service, more especially during certain seasons, but owing to the increased rate of freight the owner may wish to charter his vessel to visit such areas. In order to cover this risk a policy is taken out for the additional risk for the voyage only at a relatively higher rate. Again, the owner may be so fortunate as to fix his boat to carry a freight of a value beyond the amount already covered, and an additional policy for the trip is taken out. The method of treatment adopted in the books as regards annual insurance premiums is as follows :—Firstly, insurance account is debited and the insurance broker's account credited with the total of premiums and interest; secondly, the cash paid is debited to the broker's account and if bills are given in part payment such are debited to the broker's account and credited to bills payable account. The broker's account is then closed; thirdly, the proportion of the premium which, on the date at which the voyage ends, is found to be paid in advance as at that date, is carried down on insurance account and the balance remaining to debit of insurance account up to the date in question is debited to the voyage just ended by Voyage Journal entry.

In this manner you will see the annual premiums are properly apportioned to the voyages covered during the period of cover. I have no doubt a point has already occurred to some of you as to what happens if a vessel meets with damage which entails her laying up for some time or if she has to be put through one of her periodical surveys. There is, in point of fact, no complication. If the period of inactivity, owing to damage, is a short one, it is usual to merge the period when under repair in the voyage during which it occurs, but if otherwise, it is sometimes the practice to open a "Laid-up Account" in the Voyage Journal and to charge to this account the proportion of the premiums and any other expenses which are properly attributable to that period. In this case, however, the underwriters allow a rebate of premium at an agreed rate per cent., provided the vessel is laid up for not less than a stipulated time, which is usually periods of 30 days. The insurance clubs, however, allow a

proportionate part of a month after the first 30 days. These rebates are termed "laid-up returns," and are credited to the "Laid-up Account." This opening of a laid-up account is not by any means an established practice among shipowners, but I submit, that if reliable comparisons are desired, this method should be adopted. There is a point relating to laid-up returns on Lloyd's policies to which I should like to draw your attention, and that is, that the returns are not usually payable until the expiration of the policies to which they refer, and, in the event of the vessel being lost before that date, are not paid at all, even though a credit note may have been given. This does not apply to the laid-up returns repayable by the insurance clubs. Any insurance taken out for a particular voyage should, I need hardly say, be debited to that voyage. I should mention that when a vessel is sold a rebate can be obtained in respect of any unexpired portion of a time policy, but, as previously mentioned, this does not apply when a vessel is lost.

I have, so far, assumed that the full risk on the vessel has been insured at Lloyd's, but, more particularly where a concern owns a fleet, it is sometimes arranged that the owning concern shall carry a percentage of the total risk itself, and the underwriters the remainder. When this is done an insurance reserve should be created by debiting insurance account and crediting insurance reserve account with such a sum as represents the amount of the annual premium required to fully insure the ships, less the amount charged by the underwriters. When a claim occurs for total loss or damage the expenses should be divided in the appropriate proportions applicable to the owners' and underwriters' risks, and the owners' proportion of same transferred to debit of the insurance reserve account. So much for Lloyd's insurances.

**Clubs.**—There is now another type of insurance to be considered. It is that which covers shipowners wishing to insure against such risks as third-party damage, employers' liability, strikes, &c., by a system of mutual indemnification against losses not covered by ordinary policies of insurance. There are a number of well-known and well-managed protection and indemnity associations which are formed of a number of shipowners, who enter their ships upon a tonnage basis for a certain entrance fee. In some cases each vessel is charged with an initial premium, fixed at a rate which experience has shown should approximately cover the claims arising in a normal year. At the close of the year, or shortly afterwards, an estimate is made of the claims still outstanding, and if it appears that the funds in hand are not sufficient to meet these claims a call is made for the difference. In other cases, no initial premium is charged but, as claims are made by the members and agreed, calls are made upon the members on the tonnage basis. In either case all members in this way contribute *pro rata* to every claim. These calls are usually charged direct to the voyage in progress when they are made, which is a system that averages up pretty well, but care must be taken at any balancing time to ascertain not only that all calls already made are brought into account, but also that provision is made for what are termed "Back Calls"—that is to say, calls for the, as yet, unascertained liability for claims which have already come into being and which have not yet been made, or which have been made but are not yet agreed. These back calls may very well amount to considerable sums in the case of a fleet of steamers. The clubs generally divide the risks into various classes and separate calls are made for each class. Some of the liabilities covered are :—Liability for damage by collision with another vessel, damage to docks and piers, accidents to crew, accidents to third parties when

ship is at fault (payment of funeral expenses when fatal), claims for short delivery and damage through improper stowage. There is also the contribution to the Shipping Federation which is supposed to protect the owners, e.g., against strikes of dock labourers by providing their own labourers. In the cases under the Workmen's Compensation Acts there is usually a proviso that no claim shall lie if the total of same is under a certain fixed small amount, or if the claim is in excess thereof, only in respect of the portion over and above that fixed amount. Having purchased the vessel and insured her, we may now commence to trade.

**Earnings.**—In this connection the object of every shipowner is to earn money by the employment of his vessels. The types of employment may be divided into three classes:—

- (1) The carrying of cargo from certain ports to other ports, at an agreed rate or for a lump sum.
- (2) The hiring of the vessel at a fixed rate per ton dead weight for fixed periods.
- (3) The demise of the vessel to the charterer for a certain period for an agreed consideration.

(1) In every case the terms of the employment, when agreed upon by the owners and charterers, whether directly or through agents, are embodied in a form of contract which is termed a charter party. This, when signed by all parties to the contract either personally or by their agents on their behalf, is the document which governs the running of the vessel for the time occupied. In order to facilitate the "Fixing" of vessels various forms of charter party have been framed, by bodies appointed for that purpose, for various types of cargo or for use between various localities, and these, with a certain number of alterations, additions and deletions to meet any particular case, are generally adopted. These charter parties usually indicate the rate of freight, the maximum and minimum cargo to be carried, and the port or ports from and to which the cargo must be carried, the dates between which she must be ready for loading, and the number of days given the charterer for loading. If she is not ready to load within the times mentioned there is a penalty usually attached. The days given to the charterer for loading the vessel are called lay days (this term, by the way, being a great favourite with our examiners). If the charterer fails to load within this period of lay days, he must pay the owner a penalty of so much per day, as provided in the charter party. This penalty is called demurrage, and is treated as an earning of the voyage, being carried to the appropriate credit column. If, on the other hand, the charterer loads within the days given he is entitled to be paid "Despatch" by the owner for the time saved, also as provided by the charter party. This is treated as an expense of the voyage and is debited accordingly. There are numerous other provisions included in the charter party, such as the rate of payment for loading and for discharging, the address commission payable, the brokerage payable, the terms of payment of the freight, &c.

Address commission is the commission due to the consignee of the cargo at the port of discharge and is usually based at a percentage on the freight. The cargo is "addressed" to this individual (hence the term), and it is his business to do the ship's business at that port. In the event of the freight not being payable in this country he must also attend to its collection and remit same to the owners. Brokerage is the remuneration payable to the person or persons who have been engaged in fixing the terms of the charter between the owner and the charterer. The rate of brokerage varies, but is

usually 5 per cent., and, in theory, is apportionable equally between the broker, the owner, and the ship. In practice, however, the division is generally a matter of arrangement, and I have known the poor old ship having to bear not two-thirds of 5 per cent., but over 5 per cent. In years gone by, it was usual for the managers to take an active part in chartering the ship, which was often fixed on the local Exchange, but I understand that of late years the practice of fixing local ships through brokers on the London Baltic Exchange has grown to such an extent that, except for some coal cargoes from local ports, practically no fixings are done locally.

The terms of payment of freight differ. Where the loaded weights are accepted, the freight on outward cargoes may either be (1) payable in advance, or (2) a certain portion paid as "advance freight," and the balance on delivery. In many cases where the freight is not payable on the cargo loaded, there is a proviso that 2 per cent. shall be allowed off the freight "in lieu of weighing."

On inward cargoes payment is usually made on output weights, and if a consignor has paid an estimated amount on account, has received his cargo, and finds some in a damaged condition, he naturally refuses to pay the balance and until the dispute is settled the voyage account cannot properly be closed.

There is a class of business which I should like to mention, and which really falls under this heading, i.e., general cargo. This, as the term implies, means a cargo not of one article supplied by one shipper, but of a general character shipped by a number of shippers. It is usual to find this type of cargo carried by a line of steamers who trade regularly between certain ports. The company usually have a dock or quay, and a general invitation is issued by advertisement to every one who has goods to ship to the ports for which the vessel is sailing, to send their goods to the company's quay, where, at schedule rates, they are received and loaded in turn. Arrangements are, of course, made by the company to ensure, so far as is possible, that sufficient goods are available at the stated times for shipment. It sometimes happens that more goods are sent down than can be taken; these are left behind, and are termed "short shipped," and must be taken care of till the next steamer is ready to load. This type of business would entail, as we have mentioned, the provision of dock or quay space, sheds for storing goods, and a permanent staff in connection therewith, and would entail an extension of the usual book-keeping system. In view, however, of the lack of time at my disposal, and the comparative infrequency with which such accounts are met, I will confine myself to stating that the contracts are in these cases bills of lading. These are included in the ship's manifest, which is a document containing a complete account of all cargo on board the steamer, the number of packages, their marks, weight and destination. It also shows the amount of freight payable, how much has been paid at the loading and discharging ports respectively, how much remains to be collected, and whether there are any rebates due thereon. From these documents the total value of the freight carried can be ascertained. As an owner is responsible for the due delivery of all cargo shipped, and is liable for any loss brought about by any shortage or damage caused by improper stowage, you will appreciate that, whilst efficient supervision is necessary when bulk cargo is being handled, the need is greatly intensified when the cargo is a general cargo. It needs little imagination to see how easily pilferage or damage may occur. Now as regards

**Time Charters.**—Here again the charter party determines the conditions of hire. It will be found that the



owner has let his vessel on hire for a certain period at a rate of so much per dead weight ton per month, subject to any restrictions as regards cargoes to be carried, areas to be avoided, &c., as have been arranged. The owner's liability is now confined to keeping the ship in a required condition, to providing, paying and feeding the officers and crew, insurance, management, and such charges as are incidental to the foregoing, such as coal for galley fire, water for drinking purposes. The gross earnings on this type of charter are usually comparatively smaller than when on voyage charter, and it is usual for the rates of management, brokerage and commissions relating to such charters to be at a relatively higher rate per cent.

**Demise Charters** contract for the demise of the vessel to the charterer in consideration of the hire agreed, and the charterer then becomes liable for the whole of the charges for running her—in fact, takes the place of her owner for the time being, as it is generally provided that the vessel is to be handed back in a precisely similar condition to that which obtained when she was handed over to him.

I have now dealt with the main sources of voyage revenue, but there are, normally, small credits which come in from time to time in respect of the sale of "dunnage," as it is called. This includes old ropes, shifting boards, separation mats and the like. Occasionally a few passengers will be carried who will pay for their passages. All of these additional receipts are usually credited to the voyage during which the transaction takes place. There are often rebates of different descriptions received which should be deducted from the total of the expense column that includes the original debit.

Let us now turn to the expenditure items of voyages. These are usually classified as follows: Port charges, wages, provisions, stores (deck and engine), bunker coal, repairs (deck and engine), insurance, and management. You will see by the specimen ruling of the journal that a column is provided for each, and a further column is usually provided for exceptional items under the heading of "Sundries not classified."

**Port Charges.**—These include all charges relating to dock dues, boating, pilotage, towage, loading, discharging, and, in short, all expenses connected with the actual working of the vessel which are not included elsewhere. These are all paid by the owners or managers when at the home port, but at other ports by agents. Even if the managers disburse the ship, a disbursement account is made up and rendered. This account is supported by subsidiary vouchers for most of the items, signed by the captain as having been approved by him in all cases where he is in a position to check the correctness of the charge. There are some charges, however, for which no voucher but the disbursement account can be obtained (e.g., postages and telegrams and telephone calls). To this I will refer later. These accounts should be checked and passed on receipt, and then analysed, on a front sheet, into the headings provided in the Voyage Journal, and such additional ledger account headings as are necessary (e.g., average account or captain's account). Foreign accounts are payable by bill, drawn in sterling on the owners, and signed by the captain before sailing, or paid by bankers' draft payable abroad in foreign currency. In the latter case the rate of exchange ruling at the time of payment is the basis which governs the conversion into sterling.

**Wages.**—The crew having been signed on, the captain makes up a crew list giving the names of the men and the agreed rate of pay of each man. He keeps a seamen's wages book in the approved form, which gives a record of all wages earned, and of payments made on account

(whether in cash or goods) during the voyage. From this book he prepares his portage bill, as it is termed, which is really his account with the owners. I have specimen rulings here which may interest some of you. At the end of a voyage, the wages of each man are calculated on the basis of a month of 30 days for the period during which he has served; the appropriate National Insurance deductions are then calculated, the advances or allotments made are entered, and the net balance still due shown. All this is done on the tabular system, as shown by the middle folio of the sheet before you. On one of the outside pages the captain gives details of his personal expenses on the ship's accounts at each port, for which he must produce vouchers whenever possible. On the other outside page is the captain's summarised account with the owners. On the one side is the total of wages earned, and the total of his personal disbursements on the ship's account, while on the other are the totals of advances and allotments paid by the owners or agents, and the cash he has drawn from owners and agents on different occasions, the balance shown being either paid to him or returned by him as the case may be.

When the captain's portage bill has been received, and the details checked, the necessary entries for wages earned and disbursements paid will be made through the voyage journal crediting the captain and debiting the voyage. While the voyage has been in progress various debit items have already found their way to the captain's account in the ledger for cash advanced on allotments and advance notes, and also for cash drawn abroad from agents. Now the captain will give credit for these at the rate of exchange in force on the date the money was drawn, but the amount debited to him in the books will be calculated at the rate of exchange at the time of payment. It is improbable that the rates will agree and differences will therefore arise. On settlement these are written off to voyage account, and the balance of the captain's account in the ledger should then agree with the balance as per the portage bill.

**Provisions and Stores.**—These are debited direct to the voyage for which they were procured. Where official orders are given the accounts should be compared with same, and the delivery notes, or, failing them, the accounts, should be signed by a responsible officer as evidence of receipt. Lists of the stocks in hand at the end of each voyage should be taken, priced and credited to the closing voyage and debited to the next. Contracts are usually made with merchants, both at home and abroad, and the prices charged may usefully be compared with those quoted and the rebates due, if any, accounted for.

**Bunker Coals.**—The delivery orders should in all cases be signed by the chief engineer and be attached to the accounts. Here again contracts are usually in existence and should be compared with the prices charged, rebates being followed as before.

**Repairs.**—I will divide these into three sections: (1) Ordinary running repairs not recoverable; (2) classification survey repairs; (3) repairs covered wholly or partly by insurance. I may say, in passing, that it is a *sine qua non* that all repair accounts must be signed by the owner's superintendent engineer.

As regards the first section, ordinary running repairs not recoverable, all such incurred during a voyage should be debited direct to that voyage through the Voyage Journal.

As regards the second, classification survey repairs, I must explain that every vessel must pass an examination by Lloyd's surveyors on behalf of the underwriters every fourth year (there is, however, a twelve months grace allowed at the end of such fourth year during which the

survey may be made, e.g., at the end of the fourth year extended to the end of the fifth; at the end of the twelfth year extended to the end of the thirteenth; so you see that the periods of grace are not cumulative, as it were). It is often found that very heavy repairs will be necessary in order to permit of the vessel retaining her classification. These repairs are obviously the result of the use of the vessel during the period which has expired since the date of the last survey, and it would be entirely wrong from a statistical standpoint to charge the cost of same to any particular voyage. The survey repairs are, therefore, usually charged as a separate item to debit of profit and loss account unless a classification reserve account has been created against which this sum may be charged. When such a survey has been made and the repairs amount to a large figure there is often a desire expressed to write off only a portion of same at the first subsequent balancing date, and to carry the balance forward to be written off in future years, on the plea that the vessel is now fit for another four years' work. I think a little consideration of all the facts will convince you that the argument is unsound. Let us assume we have a new vessel. At the end of four years Lloyd's surveyors say, in effect, you must do such and such repairs in order to put her in the condition she was in when you bought her. These, we will assume, will cost £750. Is it not quite clear that these repairs have been accruing during the past years, and that further repairs will accrue similarly during the next period of four years also? I am sure you will agree.

As regards the third section, repairs covered wholly or partly by insurance. There is some variation in the systems adopted for dealing with such expenditure. Some owners prefer to have one average and repair account for each vessel to which all repairs and expenses incidental thereto are charged; others prefer to have a separate account opened for each claim account, as well as, in some cases, a repair account in which all repairs not recoverable are dealt with.

I should explain that before claims for damage, &c., can be submitted to underwriters, the claims have to be examined and adjusted. This is the special province of the average adjuster. He has to determine, with the evidence at his disposal, such as the log books, whether the items in the claim are or are not properly chargeable. He must also apportion the amounts as between the various interests affected, e.g., the owners (if they run any of their own insurance), the underwriters of the cargo, and the underwriters of the ship. The average statement is made up showing all the adjustments, and statements are made up at the end showing exactly for what sum each interest is responsible, and, in the case of the underwriters, even sets out how much each underwriter has to pay. This statement is then sent to the underwriters, and, if approved, the insurance brokers collect from them and remit to the owners after deducting their collecting commission of 1 per cent. and such accounts as they may pay direct. These statements vary in size according to the extent of the claim and its intricacies. I have known them to be hundreds of pages in thickness and bound in book form. Some of these claims remain unsettled for years when conflicting interests are at loggerheads, and, though it is not usual, the average adjuster's statement may be disputed and ultimately amended. Let us suppose that the claim as adjusted is admitted. The correct method of treatment is for the average and repair account, or the average claim account, as the case may be, to be credited and underwriters' claim account debited with the total sum recoverable. Entries are then passed crediting the underwriters' claim account, and debiting the repairs

and average account with any accounts paid by the underwriters or brokers direct, together with the collecting commission; subsequently, when the net amounts due have been received, the underwriters' claim account is ruled off and the balance on repairs and average account or average claim account can be dealt with or left until the end of the financial period. In the former case, it is usually allowed to run on until the end of the financial period and then divided amongst the voyages *pro rata* per diem, or debited direct to profit and loss account. In the latter, the only difference is that the balance should be transferred to a suspense account which will embrace all such for the trading period and then be dealt with in either of the two manners just outlined.

**Management.**—The terms of management are usually fixed by a management agreement and/or Articles of Association, and are usually comprised of (1) a fixed salary per vessel per annum; (2) a commission on the earnings of the vessel or the profits of the trading; and (3) certain brokerages. There are other emoluments sometimes provided for, such as agency fees, fittings on bunkers, insurance discounts and commission on the purchase or sale of steamers. The fixed salary will be apportioned per day and charged to the voyages through the voyage journal. The commission on earnings will be charged to debit of the voyage credited with the earnings. The brokerages, agency fees and fittings will be similarly dealt with. Commission on profits must, however, wait until the transactions for the full trading period are over, and it is best to deal with this charge as a debit to working account.

We have now dealt with the various headings of expenditure on voyage account. When all the transactions affecting the working of each voyage have been recorded in the Voyage Journal, the balance of profit or loss is ascertained and transferred by journal entry to credit or debit, as the case may be, of working account in the ledger.

At the end of the financial period the balance of the working account is carried to profit and loss account, and shows the net result of the working of the steamers.

**Current Voyages.**—In the old days of sixty-fourthers and of single ship companies it was the general custom to close the accounts at the end of a voyage and prepare a balance sheet as at that date, but for many years now there has been a tendency, which has become the more marked as time went on, to establish a fixed annual date for the termination of the accounts. At such a date it usually happens that one or more voyages are in progress. The practice is to hold the balance of the voyage account, as it stands at that date, in suspense. On the one hand it would be described in the balance sheet as "disbursements on account of current voyages, less freights received"—if there had been any such receipts. On the other, it would be described as "freights received on account of current voyages, less disbursements." Now there is one point relating to such an uncompleted voyage which I think it wise to insist upon. It is this. That all accounts relating to the unfinished voyage should be brought into the books even to the extent of estimating the accruing charges for which accounts are not yet to hand, such as wages of captain, officers and crew, Marconi service and management salary, and also charging the proportionate debit of insurance up to date. In this way the balance sheet becomes a far more accurate statement as regards debtors and creditors than if such entries were not put through.

**Sale or Loss of Vessel.**—The only remaining transactions to which I propose to call your attention are relating to the sale or the loss of a vessel.



As regards the former there is little to be said. The purchasers are debited and the sale account of the vessel credited with the selling price as per the contract. Any commissions payable or expenses relating to the sale are debited to the sale account, but there are seldom any sale expenses. The balance of cost account is then transferred to the sale account and the balance of appreciation or depreciation transferred to reserve account, if any. In the event of the vessel meeting with disaster, and becoming a total loss, the total amount recoverable in respect of same is debited to the underwriters and the credit divided between revenue and capital in the following manner.

Sums to cover all freights or disbursements at risk at the date of loss are credited to voyage account. The sum recoverable in respect of premiums reducing is credited to insurance account. The remainder is then credited to total loss account. This is the logical treatment of sums recovered in view of the method of insurance explained earlier in the lecture, and is the basis accepted by the Inland Revenue.

I have purposely dealt in rather full detail with the running of a shipowner's business in order to give those of you who perhaps have not had much, if any, practical knowledge of such a business, as much insight into same as possible in the short time at my disposal, on the principle that it is impossible to effectively audit accounts which are not first of all thoroughly well understood. I will now turn to the second part of my lecture, and in view of the information already given hope that a comprehensive grip of the work to be done will be gained if I merely refer to the points which differ from those arising in any ordinary audit programme.

#### THE AUDIT OF SHIPPING ACCOUNTS.

*As regards the Purchase of Vessels.*—The documents to be examined are the contracts for building, agreements for purchase, and the bills of sale.

*Insurance.*—Examine insurance policies (which must be in the name of the actual owners) to see if ship is fully protected.

Examine movement book, and see that all laid-up returns are credited.

See that all club calls made are charged.

See that sufficient provision is made for back calls.

*Voyage Accounts.*—Check journals with movement book. Thoroughly examine the charter parties (and any subsequent agreements modifying same) which will govern the voyages as previously indicated, more especially as regards:—

Rate of freight, and how it is to be paid.

Rate of demurrage and despatch.

Rate of brokerage and commissions.

All accounts should be duly signed or initialled by a responsible person, and compared, where possible, with duly signed delivery notes.

All agents' accounts, whether from home or abroad, should be checked with subsidiary vouchers. This, by the way, I find is one of the chief difficulties experienced by auditors new to shipping accounts. There are no subsidiary receipts for some of the items, such as postages, telegrams and telephones, agency and clearing (which are the agents' own charges), light dues (of which the last receipt must be kept on board by the captain for production to the Customs authorities when required). The fact is that the agents' account takes the place, so far as his own charges are concerned, of an invoice in an ordinary commercial audit. It is necessary, however, to see that the brokers' own charges are not excessive, or, if apparently so, that any rebate gained has been duly credited. Check

analysis of agents' account (being careful to see that the captain is debited with all cash drawn by him, advances or allotments paid for him, or goods supplied to him personally). Also that any sums recoverable from underwriters or clubs are debited to claims account.

Check calculations of exchanges (this is done in total so far as possible).

Compare loading and discharging time sheets with lay days allowed and check demurrage or despatch.

See that loading and discharging charges are made on same quantities as freight is paid on and *vice versa*.

See that brokerages and commissions are properly calculated on the correct figure. See that calculations on freights paid on outturn, but which have been estimated on intake, are amended on arrival.

See that all freights earned have been accounted for. Examine contracts with British or foreign agents and merchants (which should be made with owners), compare prices occasionally, and follow rebates where due.

Where quantities of stores are taken on board, or where separation boards or mats are provided, look for "sale of dunnage."

See that the emoluments of the managing owner are in accordance with his agreement. If he charges less, then the balance must be definitely waived in a binding letter of waiver.

Examine schedules of surplus stores, &c., on board at the end of a voyage, with lists signed by officers and steward, and, in the case of bunkers, see that same is duly certified by the engineer.

*Captain's Portage Bill.*—Check additions and summary, and some of the wages calculations, both as regards time, rate of wages, &c., with crew list. Vouch personal expenditure where possible. See that wages of deserters or those who have died have been paid over to the Board of Trade, also that any fines are deducted from the wages of the man fined. See that the regulations relative to National Insurance stamps have been complied with. See that portage bill agrees with captain's account in ledger.

*Repairs.*—See that all accounts are passed and signed by superintendent engineer, and that any portion recoverable is charged to average account. Examine average statements and see that all recoverable amounts are accounted for in average adjuster's statement and brokers' credit notes. See that all accounts which have been included in average statements and are still payable are provided for in the books.

Examine position of average claims in progress, providing sufficiently for any probable loss to the owners.

*Generally.*—The auditors should inspect the register at the Custom House so as to ascertain that the vessels in question are registered in the name of the company and also if there is any mortgage on them. If the vessels are registered at any other port he can obtain a transcript of the register of any ship on application by the payment of a small fee of 1s. per vessel. This to my mind is most important, and is surely no more extraordinary than verifying the title of the assets of any other type of concern.

*Depreciation.*—In the old days of sixty-fourthers and single ship companies it was not the usual practice to provide for depreciation, as it was recognised that the vessel was a wasting asset and the dividends received were acknowledged to be partly a return of capital. It is happily becoming more and more general for shipping concerns to make reserves for depreciation, more especially in the case where a fleet is owned. The usual practice adopted is to show the vessel or vessels in the balance sheet at cost. Any depreciation set aside, having been

credited to reserve, is, in some cases, shown as a deduction from cost, or in others as a reserve on the opposite side of the balance sheet.

I have now reached the third and last part of my paper, namely:—

#### THE TAXATION RELATING TO SHIPPING ACCOUNTS.

There is not at present a great deal to be said of the peculiarities of the taxation relating to shipping accounts. Had we still been struggling with the problems arising out of the provisions of the Finance Acts relating to excess profits duty, or even corporation profits tax, one could occupy a very prolonged period discussing the peculiarities. Owing to the termination of these two taxes we are freed from the necessity of considering anything but income tax.

At one time, when accounts terminated at any odd but suitable date, the periods brought into average were those which gave most nearly a three years period ending prior to the commencement of the fiscal year under review, whether a little over or under the usual three years daily total. The average was then worked on that basis. Later, the Inland Revenue Authorities as a general principle averaged the profits and losses of the three actual years dating back from the end of the last usual balancing date.

Since the abandonment of the average system, the basis of assessment of a shipowner taxpayer, whose accounts are completed at a fixed date in each year, is the same as that in force for ordinary businesses, but in the case where accounts for periods of varying length are submitted, it is the practice of the Inland Revenue Authorities to agree with the taxpayer a "fixed date" (usually the end of September, or, failing that, sometime in the autumn) up to which they calculate profits and/or losses for the preceding twelve months, bringing in all completed voyages and apportioning voyages overlapping the "fixed date" on a daily basis. As I have just said, the object is to obtain a full year's results for the following fiscal year's assessment.

The treatment of depreciation is, I think, the outstanding feature of shipping taxation. The old principle was to allow 4 per cent. per annum upon the first cost of the vessel, even if she changed hands in the meantime, with the exception of the last 4 per cent. which was deemed to be her break-up value. If, however, a vessel lasted until her original cost had been wholly allowed in depreciation, her owner from that date was allowed no more.

This principle still applies to new vessels, but owing to the inadequacy of the percentage on the original cost in the case of second hand vessels purchased at enormously enhanced prices during the war, shipowners sought an increased allowance, and a new scale of allowance was adopted. That scale was revised in 1927, and the amended scale is still in force. I have a copy here, and if any of you would care to refer to it, I should be glad to explain to you how it operates.

The principle is roughly as follows:—

The allowance for wear and tear in the case of a ship purchased second hand is to be calculated by reference to:

- (1) The actual cost of the ship to the owner for the time being; and
- (2) A reasonable expectation of life of the ship at the date of purchase from the previous owner, having in regard the type of ship concerned.

A table of the "expectation of life" is set out. The cost of the vessel to the present owner is taken. From this figure is deducted the "break-up value" of the vessel (normally the amount of one year's allowance for wear and tear, e.g., 3 per cent. on the prime cost in the case of sailing vessels, and 4 per cent. on the prime cost

in the case of steamers and motor vessels, including refrigerating plant and insulations. This calculation of wear and tear is only varied in the case of steamers and motor vessels which were delivered in one of the years 1917-1922, when prices were abnormally high. The percentage allowed for these years is graded, and runs from 3 per cent. down to 1½ per cent. The balance of cost remaining is then divided equally over the expectation of life of the vessel, less one year. Let us take the following as an example:—

Vessel built May 2nd, 1924.	Prime cost ..	£25,000
Bought second-hand on August 7th, 1929 ..		£28,152
Therefore, over five and under six years of age, and the expectation of life is fixed by the scale at 20 years.		
Cost to second owner .. .. .		£28,152
Break-up value 4 per cent. on Prime cost of £25,000 .. .. .		1,000
		£27,152

Annual allowance 1/19th = £1,429 for 19 years.

You will, I think, appreciate that these new scales have been, and the one at present in force still is, of very great advantage to shipowners. Another point of advantage is that if the vessel is sold, the new owner applies the scale as from the date of his purchase on his purchase price for the amended expectation of life, less, of course, the allowance for break-up value. Any portion of this allowance for depreciation which is not exhausted in any year by set-off against assessable profit can be carried forward as "wear and tear allowance unexhausted" to subsequent years.

Now, gentlemen, I think I have at last come to the end of my remarks, and must thank you very much for your patience and attention. I trust that you will have found something of interest in what is to me a most interesting section of our professional work, and that you will carry away with you something that you will find of value in the future, whether in the examination room or in the course of your professional work.

#### THE KING AND CHAMBERS OF COMMERCE

Sir William Clare Lees, President of the Association of British Chambers of Commerce, announced at the monthly meeting of the Executive Council on June 4th that His Majesty The King had graciously consented to become Patron of the Association. The Executive Council passed the following resolution expressing the gratitude of the Association for the honour conferred upon them by His Majesty:—

"The President and the Members of the Executive Council of the Association of British Chambers of Commerce at their monthly meeting assembled desire to offer to Your Majesty an expression of their loyalty and affection for Your Majesty's Throne and Person.

"The Council are grateful to Your Majesty for having signified your willingness to become Patron of our Association. Your Majesty's gracious acceptance will be an encouragement to all Chambers of Commerce and their members to continue to do all in their power to stimulate and extend the trade of the country and the employment of the people.

"The interest shown by Your Majesty and Your Majesty's Family in all that concerns British Trade and Industry is deeply appreciated by those who carry on the industries of the country."

"The visit of Their Royal Highnesses the Prince of Wales and Prince George to South America has done much to promote our Trade and their speeches are an encouragement and inspiration to us all."



## District Societies of Incorporated Accountants.

### LONDON.

#### ANNUAL MEETING.

The first annual meeting of this Society was held at Incorporated Accountants' Hall, on Friday, June 12th, when the chair was occupied by Mr. Thomas Keens, F.S.A.A. Mr. Keens expressed his thanks to members for their support during the session and indicated that several attractive events would be arranged for 1981-82. The adoption of the report and financial statement for the period October 21st, 1980, to March 31st, 1981, was received and adopted.

#### COMMITTEE AND AUDITOR.

The following retiring members of the Committee were re-elected:—Mr. J. R. Maskell, Mr. W. A. Pearman, Mr. J. Scott-Moore, Mr. A. J. H. Shay. Mr. C. B. Hewitt was re-elected Hon. Auditor.

#### OFFICERS.

Immediately after the general meeting, the Committee met and elected the following officers:—President, Mr. Thomas Keens; Vice-President, Mr. Richard A. Witty; Treasurer, Mr. Edward Baldry; Joint Secretaries, Mr. A. A. Garrett and Mr. E. E. Edwards.

#### Report.

The Committee have pleasure in submitting the first report for the period ended March 31st, 1981.

#### INAUGURATION.

A provisional committee met on June 17th, 1980, and on subsequent dates, to discuss the formation of a District Society of Incorporated Accountants in London and adjacent areas. As a result, the inaugural meeting of the Incorporated Accountants' London and District Society was held on October 21st, 1980, when 126 members attended.

The area to be covered by the London and District Society was defined so as to include the counties of London, Huntingdonshire, Cambridgeshire, Bedfordshire, Buckinghamshire, Oxfordshire, Berkshire, Hertfordshire, Middlesex, Essex, Kent, Sussex, Surrey, and Hampshire (part of). At the request of members in the Soke of Peterborough, and with the concurrence of the Leicester District Society, the Soke of Peterborough was also included in the London and District Society.

Temporary rules were adopted and the following officers and Committee were elected:—President, Mr. Thomas Keens; Vice-President, Mr. Richard A. Witty; Committee, Mr. W. Norman Bubb, Mr. E. Cassleton Elliott, Mr. T. F. Grundy, Mr. Walter Holman, Mr. J. R. Maskell, Mr. Henry Morgan, Mr. W. Paynter, Mr. W. A. Pearman, Mr. G. Roby Pridie, Mr. J. Scott-Moore, Mr. A. J. H. Shay, Lieut.-Colonel W. A. Sparrow, O.B.E. (Eastbourne), Mr. F. W. Stephens, Mr. Joseph Stephenson, O.B.E. (Peterborough), and Mr. William Strachan; Hon. Treasurer, Mr. Edward Baldry; Hon. Auditor, Mr. C. B. Hewitt; Joint Secretaries, Mr. A. A. Garrett and Mr. E. E. Edwards.

#### PROGRAMME FOR 1980-81.

It was resolved by the Committee that in view of the shortness of the first period, the programme of activities should be of an experimental nature and should, therefore, be restricted to three items.

#### LUNCHEON TO SIR JAMES MARTIN.

On November 25th, 1980, the first function of the Society was held at the Connaught Rooms, and took the form of a complimentary luncheon to Sir James Martin, over which Mr. Thomas Keens presided. The company present

consisted of 160 members and 58 distinguished guests, among whom were Lieut.-Colonel the Lord Herbert Scott, President of the London Chamber of Commerce, and Sir Malcolm Ramsay, K.C.B., Comptroller and Auditor-General.

#### LECTURE BY DR. W. H. COATES.

On February 24th, 1981, Dr. W. H. Coates, LL.B., an Examiner to the Society of Incorporated Accountants and Auditors, read a paper on "Some Aspects of the Currency Problem." Mr. H. D. Henderson (Assistant Secretary to the Economic Advisory Council to the Government), Professor O. M. W. Sprague (Economic Adviser to the Governor of the Bank of England), and Mr. O. R. Hobson (Editor-in-Chief of the *Financial News*) took part in the subsequent discussion. After the lecture, the President and Committee entertained Dr. Coates and other guests to dinner at Incorporated Accountants' Hall.

#### RECEPTION AND DANCE.

The Society held a reception and dance at Incorporated Accountants' Hall on March 6th, 1981. Over 200 guests and members were present.

The Society may congratulate itself upon the success of its first year, and the Committee appreciate the manner in which the members supported the three functions.

#### PRESIDENT'S BADGE.

A distinctive badge, designed by the Rev. E. E. Dorling, M.A., Fellow of the Society of Antiquaries, has been executed. The Committee, by resolution, have recorded their appreciation of the voluntary services rendered by the Rev. E. E. Dorling, in designing a badge of singular and distinctive merit.

### HULL.

#### ANNUAL MEETING.

The second annual general meeting of the Incorporated Accountants' Hull and District Society was held at Hull on May 29th.

In presenting the report of the Committee, the Chairman, Mr. G. A. Ridgway, F.S.A.A., stated that since the last annual meeting several important matters had engaged the attention of the Committee, the chief being the further consolidation of the national scheme of District Societies by the final adoption of uniform model rules and form of title, the designation now being "Incorporated Accountants' Hull and District Society." The Society, he said, was now a member of the Hull Incorporated Chamber of Commerce and Shipping and had taken an interest in the Chamber's activities during the past year. The President and Officers had attended several functions held in London and the provinces during 1980-81, and were present at the annual meeting of the Parent Society and District Societies Conference held during May.

It was pleasing to observe that the Hull and District students were well to the fore in the examination results of 1980, obtaining 8 out of 14 honours. Special attention was again being given to the preparation of an attractive lecture syllabus. The Chairman had received an invitation during the year to preside at one of the Sessions of the Intermediate and Final examinations held at Leeds, and had attended in that capacity.

The Society intended to hold a dinner in the autumn of this year.

#### ELECTION OF OFFICERS.

The report and accounts for the period to March 31st, 1981, were unanimously adopted, and the following Committee and Officers were elected for the year 1981-82: Committee: Mr. G. F. H. Gardiner, Mr. W. Brian Hall, Mr. A. E. Norfolk, Mr. A. E. Thompson, Mr. A. Wroot, Mr. J. Wood; Hon. Auditors, Mr. R. M. Brodie and Mr. W. R. Smith.

The President, Secretary and Treasurer are appointed by the Committee in accordance with the new rules.

### Report.

The Committee have pleasure in presenting their second annual report for the period of eleven months ended March 31st, 1931.

### MEMBERSHIP.

The area governed by the District Society is "East of a line joining Scarborough, Market Weighton, Scunthorpe and Grimsby, and including each of these four places," the membership being:—

	Fellows.	Associates.	Total.
In Practice .. ..	11	25	36
Not in Practice .. ..	2	43	45
	13	68	81
Students .. ..	..	..	82
			163

### MEETINGS.

The following meetings and lectures were held during 1930-31, the average attendance being 31:—

- "Economics in Relation to Accountancy," by Prof. J. H. Jones, M.A.
- "Executorialship Law and Accounts," by Mr. Wilfred H. Grainger, F.S.A.A.
- "Some Aspects of the Companies Act, 1929," by Mr. O. Griffiths, B.A., LL.B.
- "How to Read the Daily Financial Article," by Mr. J. C. Rea Price, B.Com. (Lond.), City Editor *News Chronicle*.
- "The Computation of a Company's Liability to Income Tax, Schedule D" by Mr. Stanley A. Spofforth, A.S.A.A.
- Mock Shareholders' Meeting. *Chairman*: Mr. A. E. Thompson, A.S.A.A.
- "Bankruptcy," by Mr. G. Cameron Ollason, F.C.A.
- "Partnership Accounts," by Mr. J. C. Beauvais, A.C.A.
- "The Bank Return," by Mr. A. C. Wade, City Editor *Evening Standard*.
- "Cost Accounts," by Mr. E. Miles Taylor, F.C.A., F.S.A.A.
- "Sale of Goods," by Mr. O. Griffiths, B.A., LL.B.

### LIBRARY.

The Honorary Librarian, Mr. R. L. Davy, reports as follows: "It has been my pleasure to form the Library of this Society. Gifts of books have been made by the President, Vice-President, Officers and members. Other books and pamphlets have been added at the expense of the Society, and there are now 71 volumes available. A special section has been formed for model and representative accounts of different undertakings. My one regret is that more use has not been made of the facilities provided."

The Committee feel that the members will desire to congratulate the fourteen students who were successful at the examinations of the Parent Society, held during 1930.

The Committee desire to urge upon both Senior and Student members the desirability of supporting the District Society, particularly by regular attendance at the meetings and lectures, which provide useful information for practising as well as student members.

## LIVERPOOL.

### ANNUAL MEETING.

#### PRESENTATION TO RETIRING HON. SECRETARY.

The annual meeting of this Society was held on June 25th at Liverpool, when the President, Mr. Charles M. Dolby, F.S.A.A., presided. A presentation of a handsome silver tea and coffee service was made to Mr. Alexander Hannah, F.S.A.A., who retired from the Hon. Secretaryship after seventeen years and was elected President of the Society. There was also a presentation of a clock to Mr. A. A. Van Gelder, the Assistant Secretary. The presentations were made by Mr. E. Cassleton Elliott, the Vice-President of the Society of Incorporated Accountants and Auditors, who made a special journey North in order to hand the gifts to the recipients. Letters of apology for non-attendance were received from Mr. C. Hewetson Nelson and Mr. C. Henry Huntley.

The President said the outstanding feature of the last twelve months was the Conference held at Sheffield. It had been his experience during the last three Conferences that Liverpool had been poorly represented. It was a matter that he took very much to heart, and he would urge upon all members to do their best to support these annual Conferences and also the Annual General Meeting of the Parent Society. During the twelve months he had attended many District Society dinners, and what had struck him was the extraordinary growth in the importance and prestige of the members of the Society. This was, to a very great extent, due to the members of the Council and particularly to their endeavours to stimulate the activities of District Societies. Mr. Dolby referred to the appeal made very eloquently on behalf of the Benevolent Fund. He asked every Incorporated Accountant in Liverpool to do something for the Fund. He would like to thank them for the great honour they did him two years ago in electing him President of the Liverpool Society. It had been a great pleasure, and he had enjoyed every minute. He would like to thank Mr. Hannah and the Committee for their invaluable co-operation.

The accounts having been adopted, a vote of thanks, proposed by Mr. A. W. Manssuer and seconded by Mr. E. C. Bresnan, was unanimously accorded to the retiring President, Mr. C. M. Dolby, and the other officers. Mr. Manssuer said that Mr. Dolby had been a fitting and able successor to the good Presidents they had had in the past. Mr. Alan Standing, Mr. Frederick Coombes, Mr. C. D. Thayer and Mr. C. H. Huntley were elected members of the Committee.

The President intimated they had regretfully found themselves compelled to accept the resignation of Mr. Alexander Hannah as Hon. Secretary. He read a letter from Mr. A. A. Garrett, Secretary of the Parent Society, in which Mr. Garrett referred to the valuable co-operation Mr. Hannah had rendered in the work of the District Societies generally, and the esteem in which Mr. Hannah was held by all his friends in the Society. The President, continuing, said he did not think it would be possible to appreciate all Mr. Hannah had done during the last seventeen years, and he paid a personal tribute on behalf of all the Liverpool members to Mr. Hannah's qualities and services. He said it would be a great wrench when Mr. Hannah left the District Society.

Mr. E. Cassleton Elliott, in making the presentation, said Mr. Hannah became an Associate of the Society in 1908. In 1910 he commenced practice, only two years after he had passed his examinations, which showed great courage. In 1911 he was invited to join the Committee of the Liverpool District Society, and it was a very sound



decision, because in 1914 his colleagues took the wise step of appointing him Hon. Secretary of the Society. Subsequently the Council of the Parent Society elected Mr. Hannah to Fellowship. As soon as the question of a Conference of the Parent Society after the war was considered, Liverpool immediately stepped in, and they were only too glad to come to Liverpool when Mr. Hannah was Secretary, Mr. Alan Standing, President, and Mr. Hewetson Nelson was Mayor of Wallasey. The Conference was a great success. Mr. Hannah was one of those happy men able to take on big responsibilities and not be worried by them. The Parent Society esteemed Mr. Hannah's services in building up the District Societies scheme. He would like to pay tribute to Mr. Hannah's work and enthusiasm on behalf of the Benevolent Fund, of which they were glad to know Mr. Hannah was a Vice-President.

Mr. Hannah, after thanking Mr. Cassleton Elliott for making the presentation, and the President and members for the gift, said he heard with considerable gratification from the Vice-President of the Parent Society that Liverpool stood very high in the estimation of the Council in London. That to him was ample reward for all his services.

On the proposition of the President, seconded by Mr. C. Tunnington, Mr. Alexander Hannah was elected President of the Society for the ensuing year.

Mr. Hannah then took over the Presidency of the Society and thanked the members for the high honour they had conferred upon him.

Mr. E. S. Goulding was elected Vice-President, Mr. Charles M. Dolby Hon. Treasurer, and Mr. S. Woodyer Hon. Auditor. Mr. W. Bertram Nelson was appointed Hon. Secretary.

#### Report.

The Committee has pleasure in presenting the report of the work of the local Society for the year ended April 30th, 1931.

#### LECTURES.

The following meetings have been held :—

- Visit to Works of Messrs. Johnson Brothers (Dyers), Limited, Bootle.
  - Joint Debate with the Liverpool Chartered Accountant Students' Society at Union Court.
  - Discussion on Income Tax. Opened by Mr. C. Dudley Thayer.
  - "Banking and Currency," by Mr. F. C. Morris, M.A., B.Com.
  - "Amalgamations," by Mr. Bertram B. Benas, B.A., LL.B. Mock Creditors' Meeting.
  - "The Revenue and the Accountant," by Mr. A. E. Hepworth, H.M. Inspector of Taxes.
  - "The Conduct of a Social Survey," by Mr. D. Caradog Jones, M.A., F.S.S.
  - "Municipal Accounting Methods," by Mr. J. Boucher, F.S.A.A., Borough Treasurer, Wallasey.
  - "Some Later Thoughts on the Companies Act, 1929," by Mr. F. Raleigh Batt, LL.M. (Dean of the Faculty of Law, University of Liverpool).
  - "The Financial Page," by Mr. A. Wetherell, Financial Editor, *Liverpool Daily Post and Mercury*.
  - "Executorship Law and Accounts," by Mr. E. Westby-Nunn, B.A., LL.B.
- Ten Minute Papers :—
- "Reversions," by Mr. Alexander Hannah, F.S.A.A.
  - "The Accountant as Adviser," by Mr. F. J. Coombes, A.S.A.A.

"The Future of Building Societies," by Mr. Harry Williams, A.S.A.A.

"The Technique of Auditing," by Mr. M. D. Walker. Students' Impromptu Speeches for President's and Vice-President's Prizes.

The Committee wishes to place on record their appreciation of the services of the Lecturers during the session, and of the facilities placed at their disposal by the Reform Club. The visit to Messrs. Johnson Brothers (Dyers), Limited, Bootle, was greatly enjoyed by all who attended, and the thanks of the Society are due to Messrs. Johnson Brothers (Dyers), Limited, Bootle, for their kindness and hospitality.

A dinner was held in February, at which the Lord Mayor of Liverpool and the President of the Parent Society were present. There was a good attendance and the event was a great success. In December last the Society entertained Mr. Thomas Keens, J.P., F.S.A.A., Past President of the Parent Society, and Mr. E. E. Edwards, Parliamentary Secretary of the Parent Society, to lunch at the Exchange Hotel, when Mr. Keens delivered a very interesting address on the subject of "The Accountancy Profession." The large attendance at this luncheon was most encouraging to the Committee, and it is hoped that a similar function may be arranged during the forthcoming session.

It is with great regret your Committee record the death of Mr. Charles R. Whitnall during the year. Mr. Whitnall was a Past President of the local Society and a member of Committee of long standing whose services will be greatly missed. It is also regretted to record the death of Mr. George Miller, A.S.A.A., a member of the Society, and of Mr. Eric Lennie, a student member.

Mr. Alan Standing continues to represent the Society in the Liverpool Chamber of Commerce.

#### EXAMINATION RESULTS.

At the examinations held in May and November, 1930, eleven students were successful in the Final, nineteen in the Intermediate, and eight in the Preliminary.

### NORTH-WEST LANCASHIRE.

#### Annual Report.

The Committee have pleasure in presenting to the members the following report on the work of the Society for the eight months ended March 31st, 1931.

The new rules governing District Societies were finally approved by the Parent Society on March 24th. Rule 15 provides that the financial year shall end on March 31st annually; for that reason the accounts have been made up to that date. It will be noticed that the name or style of the Society has been slightly altered; this, too, has been effected to comply with the new Rules.

In conformity with Rule 5, not less than six nor more than twenty members shall be elected to the Committee, and it is suggested that in the case of this District Society the number should be nine. The annual meeting will, in future, be held in the month of June each year, and nominations for the Committee should be lodged with the Hon. Secretary before the end of May. The attention of members is specially directed to the provisions of Rule 13, which requires written notice of intention to propose members of the Committee or Auditor to be sent to the Secretary fourteen days before the annual meeting.

The area of the District Society now embraces the following towns: Accrington, Blackburn, Blackpool, Burnley, Carnforth, Chorley, Clitheroe, Colne, Darwen, Fleetwood, Haslingden, Lancaster, Lytham St. Annes, Morecambe, Nelson, Padiham and Preston.

## MEMBERSHIP.

The total membership of the Society on March 31st, 1931, was 170, consisting of 105 full members and 65 students—an increase of 5 full members and 12 students.

## LECTURES.

During the Session the following lectures were given:—

- "The Powers and Duties of Receivers," by Mr. C. J. Hemchryk, Barrister-at-Law, Preston.
- "The Accounts of Limited Companies," by Mr. W. S. Carrington, A.C.A., London.
- "The Effect of Recent Legislation and Case Decisions on Income Tax Practice," by Mr. H. A. R. J. Wilson, F.S.A.A., London.
- "The Law of Partnership," by Mr. John Ambler, Solicitor, Preston.
- "Case Decisions Affecting Auditors," by Mr. C. A. Sales, LL.B., F.S.A.A., London.

While the average attendance at these lectures was encouraging, it is hoped that a greater number of students will avail themselves of the facilities afforded. Due notice will be given to members of lecture arrangements for the 1931-32 Session.

## EXAMINATIONS.

Congratulations are extended to the student members who were successful at the November, 1930, examinations of the Parent Society. Eight passed the Final and four the Intermediate examination.

## LIBRARY.

A number of text books have been added to the Library. It is regretted that members do not make greater use of the Library. Books may be borrowed on application to the Hon. Secretary, and, on payment of postage, will be forwarded to out-of-town members.

## ANNUAL DINNER.

The second annual dinner was held at Preston on December 1st, 1930, when Mr. Thomas Keens, Past President of the Society, was the guest of the evening. It is suggested that the arrangements for the third annual dinner should be discussed at the annual meeting.

## CONCLUSION.

It is the hope of the Council of the parent body that full advantage will be taken by all members practising in this area of the opportunities which the District Society affords for closer co-operation in all movements which pertain to the advancement of the professional status of Incorporated Accountants. Your Committee would urge their fellow members to show their appreciation of the efforts which have been made to perfect the organisation by helping, as far as lies in their power, to make this District Society one of the most virile in the country. Evidence of this may be given by regular attendance at lectures and by being present at the annual dinner. Any suggestions which members consider will tend to increase the usefulness of the Society will be welcomed by the Committee.

## NOTTINGHAM, DERBY AND LINCOLN.

## ANNUAL MEETING.

The annual meeting was held at Nottingham on June 1st.

Mr. Fred A. Prior, F.S.A.A., President of the Society, was in the chair, and submitted the twenty-second annual report and accounts for eleven months ended March 31st, 1931, which were unanimously adopted.

The following were elected members of the Committee for the ensuing session: Mr. Thomas Broadley, Mr. C. F. Carlisle, Mr. Thomas E. Clarke, Mr. W. Gretton, Mr. Harry Harris, Mr. H. R. Horne, Mr. J. W. Mee, Mr.

E. Harry Palmer, Mr. H. F. Palmer, Mr. H. B. Platts, Mr. J. T. Singleton and Mr. C. J. White.

Mr. V. W. Trivett was re-elected Librarian, and the retiring auditors, Mr. Walter Clayton and Mr. Harold T. Hóoley, were also re-elected.

## Report.

The Committee has pleasure in submitting its twenty-second report for eleven months ended March 31st, 1931.

## MEMBERSHIP.

The membership at March 31st, 1931, was:—

Fellows and Associates in practice ..	50
Associates not in practice ..	43
Students ..	104
	197

Showing an increase of 20 for the year.

## REVIEW OF THE SOCIETY'S WORK.

During the session, eight lectures, two luncheons, a dance and the annual dinner were held. The lectures were as follows:—

- Book Appeal to Special Commissioners of Income Tax.
- "Secretarial Practice," by Mr. O. Britzius, A.C.I.S., A.I.S.A.
- "Executorship Law," by Mr. A. Cousin, Solicitor.
- "Divisible Profits," by Mr. E. Westby-Nunn, LL.B., Barrister-at-Law.
- "Auditing," by Mr. E. Miles Taylor, F.S.A.A., F.C.A.
- "Receiverships and Liquidations," by Mr. C. A. Sales, LL.B., F.S.A.A.
- "Statistics," by Mr. Arthur Radford, B.Sc.
- "Law of Partnership," by Mr. W. Summerfield, M.A., LL.B., B.C.L., Barrister-at-Law.

The annual dinner was held at the Victoria Station Hotel, Nottingham, on January 16th, 1931. Mr. Fred A. Prior, F.S.A.A., was in the chair, and there was a large attendance.

The President and Secretary attended the Conference of the Parent Society on September 26th, 27th and 29th, 1930, at Sheffield. The Secretary also attended the annual meeting in London in May, and a Conference of representatives of District Societies.

The Library has been used more freely following new additions, and it is hoped to increase it further in the near future.

Shortly after the close of the Session the Society sustained the loss of one of its oldest members, Alderman Edward Harlow, J.P., F.S.A.A., who was President from 1911 to 1926 and a keen worker in the interests of the profession. His kind and friendly disposition will be greatly missed by all.

## NEW RULES.

The Council of the Parent Society having approved a set of model rules for District Societies on the recommendation of the District Societies Committee, these will be submitted for approval and adoption by this Society.

All Fellows and Associates of the Society of Incorporated Accountants and Auditors within the area allocated to this District Society are *ipso facto* members of the District Society without payment of further subscription. The attention of students is drawn to Bye-Law 24 of the Parent Society.

## EXAMINATIONS.

Seventeen students were successful in the examinations of the Parent Society, six in the Final and eleven in the Intermediate, and the Committee tenders its congratulations to the candidates. Mr. G. H. Forster obtained Second Place in the November Final examination.



### SHEFFIELD. Annual Report.

The Committee have pleasure in presenting to the members the following report on the work of the Society from September 1st, 1930, to March 31st, 1931.

In accordance with the new model rules for District Societies passed by the Parent Society, which state that in future all District Societies shall terminate their financial year on March 31st, your Committee have decided that the present report and accounts shall cover the period from September 1st, 1930, to March 31st, 1931, and thus bring our Society into line in accordance with the new rules, which will be submitted for confirmation at the general meeting.

#### CONFERENCE OF SOCIETY.

The outstanding feature of our Society's activities during this period was undoubtedly the holding of the Conference in Sheffield from September 24th to 27th, 1930. The meetings and various functions were well attended and our thanks are due to Alderman C. W. Beardsley, J.P., the ex-Lord Mayor, for his kindness and hospitality, to the University of Sheffield, Messrs. Walker & Hall, Limited, and Messrs. Thomas Firth & Sons, Limited, for the privilege of witnessing their activities, also to the Abbeydale Golf Club for granting permission for the use of their course for the golf tournament.

#### MEETINGS.

The following meetings were held in conjunction with the Sheffield and District Institute of Chartered Accountants, the Sheffield and District Institute of Bankers, and the Sheffield and District Chartered Institute of Secretaries. Your Committee are pleased to report the continued success of these lectures, and they offer their best thanks to the Lecturers for their services.

"The Finance of Foreign Trade," by Mr. A. C. Booth.  
"The Yorkshire West Riding Registry and Register of Land," by Mr. Hyman Stone, LL.M.

Lantern Lecture: "1,800 Miles Round Scotland," by Mr. William Hastings.

"Industrial Development and Its Relation to Accountancy," by Mr. H. G. Howitt, D.S.O., M.C., F.C.A.

"The United States of Europe or Empire Free Trade," by Mr. W. J. Hinton, M.A.

We were pleased to welcome the members of the Bradford and District Society on February 23rd, 1931. A debate was held by the student members, the subject being: "That Rationalisation will improve the present state of Trade."

#### EXAMINATIONS.

Three members were successful in the examinations held in November, 1930, and your Committee tender their hearty congratulations to them.

The District Society was represented by the President and Secretary at the dinners of the Newcastle-on-Tyne, Yorkshire, Manchester, Liverpool and North Staffordshire District Societies, and at the dinner of the Sheffield Society of Chartered Accountants. The President also attended the dinners of the Bradford District Society, Insurance Institute of Sheffield, and the Sheffield Society of Architects; and the Secretary attended the dinner of the Sheffield Branch of the Chartered Institute of Secretaries.

During the period fourteen members have been enrolled in the Students' Section.

### SOUTH WALES AND MONMOUTHSHIRE. ANNUAL MEETING.

The annual meeting of this Society was held on June 15th, when the following Committee was elected for

the ensuing year:—Mr. F. J. Alban, Mr. John Allcock, Mr. R. Wilson Bartlett, J.P., Mr. W. J. Bennett, Mr. Tudor Davies, J.P., Mr. J. Pearson Griffiths, Mr. P. A. Hayes, Mr. G. E. S. Heybyrne, Mr. A. Percy Horton, Mr. Norman E. Lamb, Mr. W. J. Pallot, Mr. E. Ewart Pearce, Councillor A. E. Pugh, Mr. John D. Simpson, Mr. C. T. Stephens, Mr. R. C. L. Thomas, M.C., T.D., Mr. Percy H. Walker, Mr. L. R. Williams.

The retiring President, Mr. W. J. Pallot, F.S.A.A., reviewed the activities of the Society for the past year and paid a high tribute to those who had helped to make the year such a marked success.

At a subsequent meeting of the Committee the following officers were unanimously elected:—President, Mr. John Allcock, F.S.A.A., City Treasurer and Controller, Cardiff; Vice-President, Mr. Norman E. Lamb, F.S.A.A., Newport; Hon. Secretary and Treasurer, Mr. Percy H. Walker, F.S.A.A., Cardiff.

#### Report.

The Committee presents to the members its report of the activities of the Society for the year ended March 31st, 1931.

#### LECTURES.

A combined programme of lectures was arranged with the Student Sections during the session:—

"Rationalisation of Industry," by Mr. Percy H. Walker, F.S.A.A.

"The Practical Application of the Law of Contracts," by Mr. W. Elfyn David, Solicitor.

"The Finance Act, 1930," by Mr. H. F. Hallam.

"Bankruptcy," by Mr. Llewellyn Francis, Solicitor.

Joint Debate: "The Present System of Taxation is Equitable."

#### Short Papers by members:—

"The Balance Sheet," by Mr. K. V. Stephens.

"Accountancy Training," by Mr. Ivor Davies, A.S.A.A.

"Apportionment and the Executors," by Mr. O. J. Thomas, A.S.A.A.

"Practical Points in Private Company Flotation," by Mr. A. H. Friend, F.S.A.A.

"Present-day Economic and Industrial Problems," by Mr. A. E. Pugh, F.S.A.A.

"Financial Control," by Mr. Norman E. Lamb, F.S.A.A.

"Shipping Accounts," by Mr. W. J. Pallot, F.S.A.A.

Mock Income Tax Appeal.

"Income Tax—Back Duty Cases" (Joint Lecture with Chartered Institute of Secretaries), by Mr. Ronald Staples, Editor *Taxation*.

"Drapery Accounts," by Mr. D. Bernard Morgan (Director, D. Morgan, Limited, Cardiff).

#### Mock Creditors' Meeting.

Meetings in connection with the Cardiff Students' Prize Essay Scheme were held on October 9th, November 13th, and December 19th, 1930, and January 22nd and February 26th, 1931. Meetings in connection with the Newport Students' Prize Essay Scheme were held on December 19th, 1930, and February 13th and April 10th, 1931.

It will be seen that your Committee maintained its plan of arranging for the majority of the lectures to be delivered by our own members, and the attendance at the meetings was proof of the members' endorsement of this policy. The thanks of the District Society are tendered to those gentlemen who contributed to the success of the session by the lectures they delivered.

#### CONFERENCE OF REPRESENTATIVES OF DISTRICT SOCIETIES.

The President and the Hon. Secretary represented the District Society both at the Conference of representatives

of District Societies and at the annual meeting of the Parent Society, and no opportunity is missed of advancing the interests of the South Wales members.

#### NEW RULES FOR DISTRICT SOCIETIES.

After a series of protracted meetings of the Rule Drafting Committee, of which the Honorary Secretary was a member, a draft, which had been passed by the Council of the Parent Society, was unanimously approved, and this will be submitted for adoption at a special meeting to be held prior to the annual general meeting.

#### AUTUMNAL CONFERENCE AT SHEFFIELD.

The President and Mr. R. Wilson Bartlett and the Honorary Secretary attended the Autumnal Conference of the Parent Society at Sheffield in September, 1930. This was one of the most successful conferences the Society has held, and the lack of support from South Wales and Monmouthshire was regrettable.

#### EXAMINATIONS.

The only results available since the publication of the last annual report are those of the November (1930) examinations, and the Committee are glad to be able to record further Honours Certificates which have been acquired by South Wales students:—

Final examination: George Henry Forster, Second Place Honours Certificate.

Intermediate examination: Noel Cliffe, Second Place Honours Certificate; John Ewart, Fourth Place Honours Certificate.

In addition, six candidates passed the Final examination, four the Intermediate, and two the Preliminary.

#### ANNUAL DINNER.

The annual dinner was held at Cardiff, on April 17th, when 208 members and guests were present. The President of the District Society, Mr. W. J. Pallot, was in the chair.

#### SPRING AND AUTUMN GOLF MEETINGS.

These meetings were held by kind permission of the respective clubs at Porthcawl and Pyle and Kenfig in June and November. The necessary arrangements were carried out by Mr. W. J. Pallot and Mr. E. Leslie Molyneux, to whom the thanks of the District Society are due for their services.

#### NEWPORT STUDENTS' SECTION.

**Prize Essay Scheme.**—The following papers were delivered:—

"Costing," by Mr. W. Snelgrove.

"How a Trader May Raise a Loan," by Mr. J. A. Morgan.

"Partnership Law as it Affects Accounts," by Mr. C. H. Railton.

"The Law of Agency," by Mr. I. E. Batty.

"Reserves and Sinking Funds," by Mr. W. G. L. Inkin.

"Estate and Legacy Duties," by Mr. R. S. Wright.

The judges have not yet decided which are the best papers.

**Joint Debate.**—The joint debate with the Cardiff Students took place on March 27th. Mr. E. V. C. Nicholls led for Cardiff on "The Present System of Taxation is Equitable," and Mr. A. Blackburn opposed for Newport. The voting was 16 to 9 against Mr. Nicholls' contention.

A Mock Income Tax Appeal was held on April 10th. The following members took part: Mr. F. M. Forster, A.S.A.A., Mr. C. T. Stephens, F.S.A.A., Mr. A. Blackburn, and Mr. F. J. Notley, A.S.A.A. Mr. R. C. Glendinning, B.Com., read a paper on "Limited Companies and Sur Tax."

## Reviews.

**The Incorporated Students' Telephone.** By the Directors and Tutors of H. Foulks Lynch & Co. Limited. London: H. Foulks Lynch & Co. (1923), Limited, 17, Ironmonger Lane, E.C.2. (74 pp. Price 2s. 6d. net; by post 2s. 8d.)

Those who have sat for the recent examinations of the Society of Incorporated Accountants and Auditors, as well as those who are looking forward to sit in the near future, will have special interest in perusing the answers to the questions which were set at the examinations of that body held in May last. The publication deals with the Intermediate and Final examinations only, and gives what the authors regard as model answers to the questions.

**Allowed Subscriptions.** By the Editor of "Taxation." London: Gee & Co. (Publishers), Limited, 8, Kirby Street, E.C.1. (44 pp. Price 3s. net.)

Practising accountants will find this little book very useful for the purpose of ascertaining the subscriptions to trade and other associations which are allowed as a charge for income tax purposes. The list is arranged in alphabetical order, which facilitates easy reference to the name of any particular association. The list embodies those associations which have entered into special arrangements with the Board of Inland Revenue.

**Municipal Internal Audits.** 4th Edition. By Arthur Collins, F.S.A.A. London: Gee & Co. (Publishers), Limited, 8, Kirby Street, E.C.1. (256 pp. Price 8s. 6d. net.)

The subject of the internal audit of a Municipal Corporation is a very important one, and it would be difficult to find a better authority upon the matter than the author of this book. Practically every department of the administration of a Local Government authority is reviewed, and in the present edition there is brought under notice the latest developments of local government work, including the Poor Law service in the case of County Councils and County Boroughs, and the introduction of mechanical devices for providing receipt checks. The book is designed for the use of accountants who are interested in municipal affairs and for those who are preparing for the examinations of the Institute of Municipal Treasurers and Accountants. Amongst other interesting features of the work are specimen audit programmes and diagrams.

**The Secretarial Handbook.** By Edward Westby-Nunn, B.A., LL.B., Barrister-at-Law. London: The Solicitors' Law Stationery Society, Limited, 22, Chancery Lane, W.C.2. (236 pp. Price 6s. net.)

In this edition new chapters have been added on Voluntary Winding Up and on the Powers and Duties of Directors, while the book as a whole has been amplified and brought up to date so as to embrace the provisions of the Companies Act, 1929. Amongst other matters the author deals with the secretary's duties in relation to the formation of a company, his extraordinary duties, the steps to be taken with regard to reconstruction and winding up, the formalities in regard to general meetings, the declaration of dividends and the issue of share warrants.

**The Transfer of Stocks, Shares and Other Marketable Securities.** 4th Edition. By F. D. Head, B.A., Barrister-at-Law. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (192 pp. Price 7s. 6d. net.)

Mr. Head is a well-known authority on this subject, and the contents of the book may therefore be accepted as reliable. The alterations and amendments arising out of the Companies Act, 1929, are incorporated, as well as legal decisions which have been given since the previous edition was published. The new procedure of the Bank of England in connection with the transfer of inscribed



stock, which came into force in January, 1930, is also explained.

**Audits. 8th Edition.** By A. E. Cuthforth, C.B.E., F.C.A. London: Gee & Co. (Publishers), Limited, 8, Kirby Street, E.C.1. (340 pp. Price 10s. net.)

This is now a well-known publication on the subject of auditing, embracing the main points that arise from time to time. Specimen accounts are given of concerns carrying on different classes of business, such as Gas Companies, Hospitals, Hotels, Mining Companies, Motor Omnibus Companies, &c. A chapter is also added giving representative examination questions with instructions as to how they should be answered.

**The Evolution of the Science of Book-Keeping.**

By H. J. Eldridge, F.S.A.A. London: The Institute of Book-Keepers, Limited, 133, Moorgate, E.C.2. (82 pp. Price 3s. 6d. net.)

Those who are interested in the history of book-keeping from its earliest days will find much in this book which will attract their attention. A prominent feature of the publication is reproductions from lantern slides of specimens of account-keeping from 2600 B.C. onwards. The book also contains a bibliography of works on book-keeping from the earliest printed book on the subject in 1494 until the middle of the nineteenth century. A vast deal of research on the part of the author is clearly indicated from the first to the last page of the book.

## INCORPORATED ACCOUNTANTS IN PARIS.

A cricket team from the London staff of Messrs. Hughes and Allen, Incorporated Accountants, recently visited Paris to play the Paris staff of the firm and Lloyds and National Provincial Sports Club. The visitors won both matches. The match with the Paris staff was played on the ground of the Stade Français at St. Cloud on Saturday, May 30th. Both sides batted twice, and London won by 22 runs. London scored 103 in their first innings and were all out for 57 in the second. Paris, however, after scoring 32 in the first innings, did much better in the second, getting 106. Scores: London, 103 (Kemp 50; Bell 4 for 32, Allen 3 for 8) and 57 (Long 25; Allen 5 for 32). Paris, 32 (Hume Wright 15; Long 6 for 17) and 106 (Bell 37; Turpin 3 for 21).

In the evening the home team entertained the visitors at dinner—the partners in the firm, Mr. Arthur H. Hughes and Mr. James W. Allen, being present.

On the following day a team selected from the joint staff played Lloyds and National Provincial Bank at Le Pecq, and won an enjoyable game by five wickets. Scores: Lloyds and National Provincial Bank, 112; Hughes & Allen, 115 for five wickets. This match was keenly contested, and was thoroughly enjoyed by both sides. The Bank's delightful ground and club-house and the hospitality of the members contributed very largely to the happiness of the visitors, who returned to London by the night boat.

## MANCHESTER UNITY OF ODDFELLOWS.

At the annual conference of the Manchester Unity of Oddfellows it was proposed on behalf of the directors that the accounts of the society should be submitted to a firm of Chartered or Incorporated Accountants for audit, and that their report on the accounts and balance sheet should be submitted to the conference; also that a member of the firm should attend each conference in order to answer any question which might be submitted regarding the accounts. The directors were of opinion that the change was necessary in the interests of the society in order to maintain its good name and enhance

its reputation. Objection was raised by a past auditor, who said he was astounded that they should be asked to make such a vital change in the constitution of the society as the substitution of professional men for the elected auditors without submitting a tangible reason, especially as no complaint had ever been made against the elected auditors. This was answered by another member, who said the reason for the change was that when they elected a non-professional auditor they did not know anything of his qualification for conducting an audit of the accounts of the Unity, and on behalf of the Directors it was explained that they wished the accounts to be audited by the most skilful accountants for the purpose of maintaining the confidence of the public. The proposal of the directors was carried.

## Scottish Notes.

(FROM OUR CORRESPONDENT.)

### Scottish Council.

A meeting of the Council of the Scottish Branch of the Society was held at Glasgow on the 26th ult., Mr. J. Stewart Seggie, President, in the chair. There were also present:—Mr. R. T. Dunlop, Mr. W. Davidson Hall, Mr. William Houston and Mr. P. G. S. Ritchie (Glasgow), Mr. D. M. Muir (Dunfermline), Mr. D. R. Matheson (Edinburgh), Mr. E. Mortimer Brodie (Port Glasgow), Mr. J. T. Morrison (Coatbridge), and Mr. James Paterson, Secretary. Apologies for absence were intimated from Mr. Walter MacGregor (Edinburgh), Mr. John Bell, Mr. D. Hill Jack, Mr. J. Cradock Walker, and Mr. E. Hall Wight (Glasgow), Mr. W. L. Pattullo (Dundee), and Mr. Alexander Davidson (Peterhead). Reports were made on various matters connected with the Society, the Scottish Students' Societies, and other subjects affecting the interests of members and the profession in Scotland. Mr. Donald M. Muir was congratulated on his election as Vice-President of the Institute of Municipal Treasurers and Accountants.

### Incorporated Accountants' Golf Club.

A meeting of members and students in the Glasgow area was held on the 10th ult., Mr. James Paterson, Secretary of the Scottish Branch, in the chair. After discussion it was decided to form a golf club for Glasgow and West of Scotland, to be open to senior members and students. It was suggested that, subject to the approval of the Council of the Branch, the name should be the "Incorporated Accountants' Golf Club" (Western Section). The following appointments were made:—Mr. R. T. Dunlop, F.S.A.A., Glasgow, president; Mr. J. C. McMurray, F.S.A.A., Kilmarnock, vice-president; with a committee consisting of Mr. James Paterson, F.S.A.A., Mr. Robert Fraser, F.S.A.A., Mr. A. G. M. Phillips, A.S.A.A., Mr. Mungo Campbell, A.S.A.A., Mr. E. H. Harris, and Mr. A. M. Shaw, A.S.A.A., with Mr. C. M. Vance, A.S.A.A., as honorary secretary and treasurer.

A constitution was drawn up and arrangements for matches during the season.

The first match took place at Troon on Saturday, the 20th ult., when the best scores were:—Mr. A. G. M. Phillips, 73; Mr. Hector McKechnie, 76; Mr. Mungo Campbell, 78; Mr. Ian Hewat, 78.

### Scottish Bankers.

The fifty-sixth annual general meeting of the Institute of Bankers in Scotland was held in Edinburgh last month. Amongst other items of business a discussion took place as to the change made by the Council as regards the qualification for "Honours." The chairman, Mr. George J. Scott, Treasurer of the Bank of Scotland, considered the change a retrograde step. He was doubtful whether they

could find any other business Institute in which a modern language did not form an essential part of the curriculum. Business men in this country were lamentably behind those of other European nations in their knowledge of other languages, and it might have been wiser for the Institute to have made French, at any rate, one of the members' subjects than to have dropped it out altogether. They all knew what the average schoolboy's knowledge of French and German was. For practical business purposes it was of very little value, and six or ten years later it would probably be very much less. He stressed not only the importance from a business point of view of foreign languages, but he would also emphasise the importance of English literature in a business curriculum. What a man read was reflected in his speech and in his correspondence. Many a good account had been lost to a bank through unfortunate phrasing and want of tact, when a keener sensitiveness in the choice of words—so far as that could become a quality of mind in this hustling age—would have obviated irritation. Mr. Scott, concluding his address, pointed out that the problems of yesterday were not those of to-day, and as the aspect of things was continually changing the members of the Institute must keep themselves up to date. Mr. A. A. Middleton, F.S.A.A., manager of the North of Scotland Bank, Edinburgh, was elected a member of Council.

## Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Session Cases (Scotland)*; S.L.T., *Scots Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

### COMPANY LAW.

#### Fell v. Derby Leather Company, Limited.

##### Table A Partially Applied.

By the Articles of a company which was incorporated in 1906 it was provided that Table A in the first schedule to the Companies Act, 1862, should apply to the company, but that certain clauses of it should be excluded. In an action by a director against the company, in which he claimed a declaration that a notice purporting to remove him from the office of director was invalid, the question arose whether sect. 1 (1) of the Interpretation Act, 1889, which provides that words in the singular shall include the plural and words in the plural shall include the singular, applied to the special Articles which were used with Table A.

Bennett (J.) held that Table A formed part of an Act of Parliament, and therefore the Interpretation Act, 1889, applied to Table A, and that being so, the proper construction was that that Act also applied to the special clauses that were used with Table A.

(Ch.; (1931) W.N., 131.)

### MISCELLANEOUS.

#### United Kingdom Advertising Company v. Whiting and Another.

##### Indemnity by Vendors against Outstanding Liabilities.

On the purchase by the plaintiffs in August, 1928, of the shares and interests of the defendants in a company, the defendants undertook to indemnify the plaintiffs against all outstanding liabilities of the company up to the date of the completion of the purchase.

It was held by the Court of Appeal that the words "outstanding liabilities" included the payment of the income tax and property tax which ultimately became payable by the company in respect of the period from April 5th, 1928, to the date of the completion of the purchase in August, 1928.

(C.A.; (1931) 47 T.L.R., 420.)

#### North of Scotland Bank v. Inland Revenue.

##### Stamp on Guarantee.

By an instrument of guarantee addressed to a bank, the grantor guaranteed to the bank payment to the extent of £3,000 of all sums for which a third party was, or might become, liable to the bank. It had been the practice of the Inland Revenue Authorities to treat such instruments for the purpose of stamp duty as agreements, and as such liable to a duty of 6d. under the First Schedule to the Stamp Act, 1891, but they now maintained that the instrument was a bond for the payment of £3,000, and as such liable to an *ad valorem* duty under that statute.

The Court of Session held that the instrument of guarantee was an agreement within the meaning of the Schedule and accordingly was liable to a duty of 6d. only.

(C.S.; (1931) S.C., 149.)

### REVENUE.

#### Dewar and Another v. Inland Revenue Commissioners.

##### Repayment of Income Tax.

The father of a young girl conveyed certain funds to the appellants as trustees and directed them to take out an educational endowment policy for such sum as could be insured for an annual payment of £30 for the daughter, the endowment to begin on her attaining the age of fifteen. If the daughter died before that age, she received no benefit apart from the fact that during her life she had an insurance for her maintenance and education if she did attain fifteen. If the daughter attained the age of 21 the whole of the capital was to be made over to her absolutely, but if she died before that date the trust fund was to revert to the father or his representatives. While the daughter was still under 15, the appellants claimed on her behalf repayment of income tax on the income of the trust on the ground that it was her income and that as she had no other income she was within the limit of total exemption.

It was held by the House of Lords that as the daughter had no present beneficial right to receive the income the claim failed.

(H.L.; (1931) W.N., 128.)

#### Commissioners of Inland Revenue v. Scottish Electric Power Company.

##### Deductions.

Where a company carrying on business in Scotland is the owner of the factories in which its business is carried on and pays owner's rates in respect of such factories, it is not entitled to deduct the amount of such rates from the taxable profits under Schedule D of the Income Tax Act, 1918.

(H.L.; (1931) S.L.T., 221.)

#### Manson (Inspector of Taxes) v. Wesley.

##### Permanent Discontinuance of Business.

The Court of Appeal held that the provision in sect. 34 (1) (a) of the Finance Act, 1926, enabling the profits or gains of a trader up to the date in the year preceding the year of assessment to which his annual accounts were made up to be taken as the profits of the year preceding the year of assessment does not apply in ascertaining "the profits or gains of the year ending on the 5th day of April in the year preceding the year of assessment in which the discontinuance occurs" for the purpose of making the additional assessment under sect. 31 (1) (b).

(C.A.; (1931) W.N., 142.)